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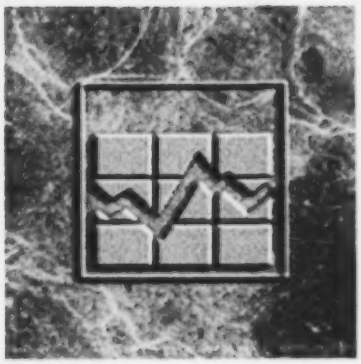
Exploration of methodological issues in the development of the market basket measure of low income for Human Resources Development Canada



by Sylvie Michaud, Cathy Cotton and Kevin Bishop

Income Statistics Division
Jean Talon Building, Ottawa, K1A 0T6

Telephone: 613 951-7355

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1. Introduction

Canada, like most industrialised countries, does not have an official measure of poverty. One of the main reasons for this is the absence of consensus on the meaning of poverty. At one pole are those who see poverty as a subsistence standard of living with an income that is not sufficient to purchase the bare necessities. At the other pole are those who see poverty as being unable to fully participate in the life of the community, using levels closer to median or average income or spending. This is often referred to as a social inclusion definition.

There is also a lack of consensus on how to measure income poverty. The approach can be relative, usually based on a percentage of average or median income, adjusted to take household size into account. Or alternatively, an absolute measure can be used where a specific standard of living is represented by the cost of a basket of goods and services.

While there is no official measure of poverty in Canada, Statistics Canada has been producing Low Income Cut-offs (LICOs) since the late 1960s. LICOs are established using data from the Family Expenditure Survey, now known as the Survey of Household Spending. They convey the income level at which a family may be in straitened circumstances because it has to spend 20% more of its income on food shelter and clothing than the average family of similar size. There are separate cut-offs for seven sizes of family – from unattached individuals to families of seven or more persons – and for five community sizes – from rural areas to urban areas with a population of more than 500,000. A more detailed discussion on the LICO methodology can be found in Cotton (2001).

Although the LICOs have been employed by Statistics Canada for three decades to determine low income prevalence for various socio-economic groups, their use has not been without controversy. Critics have indicated that the LICO methodology is difficult to understand intuitively The fact that the LICOs are a relative measure of low income, based on average expenditures for basic needs, is problematic for some. Others have argued that the LICOs do not provide an appropriate base for inter-provincial comparisons, because they are calculated at the national level and do not properly adjust for provincial variations in the spatial distribution of the population. LICOs assume that all large cities are alike, all rural areas are alike, and so on. The debate about the perceived shortcomings of the LICOs has been accompanied by suggestions that there is a need for an alternate low income measure which addresses these identified weaknesses of the current LICO methodology.

With this ongoing debate as a backdrop, a Federal/Provincial/Territorial Working Group on Social Development Research and Information has been created to define a measure to complement the LICOs in order to assess the effectiveness of the Child Tax Benefit program. The committee recommended an absolute measure of low income called the Market Basket Measure (MBM). In summary, the

MBM attempts to measure a standard of living that is a compromise between subsistence and social inclusion that reflects differences in living costs across the country. Reports of the Working Group can be found on the HRDC website.

The MBM represents the cost of a basket that includes: a nutritious diet, clothing and footwear, shelter, transportation, and other necessary goods and services (such as personal care items or household supplies).

The cost of the basket is compared to disposable income for each family to determine low income rates. Disposable income corresponds to the income once taxes, mandatory payroll deductions, child support and alimony payments made to other households have been removed.

The MBM thresholds are produced for a reference family of two adults and two children for each size of area of residence in each province. An equivalence scale determines income thresholds for other family sizes.

In 2000, HRDC asked Prices Division of Statistics Canada to collect prices that would be required to calculate the MBM. Some questions to determine disposable income were also collected by the Survey of Labour and Income Dynamics. At the same time, Statistics Canada started to document the methodology behind the MBM and to identify various methodological issues.

The purpose of this document is to describe the detailed methodology and assumptions behind the construction of the MBM, to raise some issues and to highlight some data limitations.

There are many elements that must be considered in the calculation of the MBM. Section 2 discusses the calculation of each component of the basket. Section 3 describes the measure of disposable income. Section 4 lists the cities and areas for which thresholds could be produced in the future, and examines equivalence scale for various family types. Section 5 discusses the updating of the basket. Outstanding issues are mentioned in several sections, but Section 6 summarizes the issues that are particularly important.

The authors gratefully acknowledge the contribution of the Federal/Provincial/Territorial Working Group, and the feedback received through HRDC, especially Michael Hatfield, in the development of this document. The work in Statistics Canada is the joint contribution of various divisions, particularly Income Statistics Division and Prices Division. The authors would like to particularly acknowledge the contribution of the following members of the working group: Cynthia Baugmarten, George Beelen, Barbara Campbell, John Deagan, Claude Dionne, Peter Hewer, Heather Lathe, Joanne Moreau, Marc Prud'homme and Willa Rea. The authors would also like to thank the steering committee for providing useful comments and feedback for the project.

2. Methodology for the calculation of HRDC's MBM

The concept underlying the Market Basket Measure (MBM) of low income, as specified by the Federal/ Provincial/Territorial Working Group on Social Development Research and Information, falls within the family of absolute measures. It attempts to identify a standard of living lying between the poles of subsistence and social inclusion. It goes beyond a *subsistence* standard of living, allowing for the acquisition of resources necessary for taking part in the life of the community. At the same time, it is intended to fall short of an income level that could purchase a high percentage of average or median levels of consumption and would enable *full social inclusion*, that is, a standard of living not visibly different from that of the middle of the Canadian income distribution.

The MBM approximates this *basic social inclusion* standard of living as:

- A nutritious diet as described by the 1998 version of Health Canada's Nutritious Food Basket
- The basket of clothing and footwear defined by the Social Planning Council of Winnipeg's 2000 Acceptable Living Level (A.L.L. 2000) clothing list
- The median rental unit in each community size in each province and territory
- Transportation, using public transportation when available in a region
- Other necessary goods and services.

Data sources are described along with each component of the basket. In some cases it has been possible to compare the cost of the component with expenditure data. These are conceptually different: the basket price represents the cost of a fixed selection of goods and services, while expenditure data represent the amount spent and therefore reflect the behaviours and choices or spending patterns of Canadians. The cost of the basket has been compared to expenditures of households in the second decile and for the median household as benchmarks.

The basket has been priced to reflect the cost of living for a family of two adults and two children. In theory, a basket could be defined for other family sizes and priced separately. However, it is proposed to apply an equivalence scale for simplicity.

The goal is to calculate the cost of a basket by province and the size of area of residence currently used for the LICOs. Both dimensions are desirable because they reflect differences in the cost of living indifferent parts of Canada and allow the comparison of urban and rural areas within a province.

The following sections detail each component of the basket, along with the proposed methodology to calculate their prices.

2.1 Food basket

The working group specified the National Nutritious Food Basket (Health Canada, 1998) for a family of four to represent a basket of food that would be appropriate for the MBM. In 2000, Prices Division started to collect prices in 40 cities to be able to provide the annual cost of purchasing that basket in those cities. A different basket was suggested for the Territories, which was considered more reflective of northern diets, with a selection of locally-obtained fish and game substituted for a number of items in the National Nutritious Food Basket. However, Statistics Canada's survey of food prices in northern communities does not currently cover the local food items specified for the MBM Northern Basket. As a result, the National Nutritious Food Basket will be used initially for the Territories as well, until such time as Statistics Canada surveys the prices of the northern food items that have been specified for the Northern Basket.

The items in the basket, with the purchase units and suggested weekly quantities are provided in Appendix 1. Prices are collected in the 40 cities listed in Appendix 2.

2.1.1 Calculation of food prices

Each month, prices are collected for the items in the Nutritious Food Basket in 40 cities. The suggested purchase unit price is converted into a weekly expenditure according to the quantities specified in the Nutritious Food Basket. An example for dairy products illustrates the process. The price quoted is an average of prices for the standard unit of quantity collected in Ottawa in January 2000.

Table 1 – Conversion of Purchase Unit Price into Weekly Expenditure

Dairy Products (as defined in the Nutritious Food Basket)	Standard unit of quantity	Average price per standard unit ($)	Approximate weekly quantity (per Nutritious Food Basket)	Price for weekly quantity ($)
2% milk	4 litres	3.49	10.45 litres	9.12
Yoghurt, fruit, 2% b.f.	500 grams	2.49	230 grams	1.15
Cheddar Cheese, medium	227 grams	2.79	245 grams	3.01
Processed cheese slices	500 grams	3.79	275 grams	2.08
Mozzarella Cheese, 16.5% b.f.	227 grams	2.89	365 grams	4.65
Vanilla Ice cream, 10 % b.f.	2 litres	2.29	930 ml	1.06

For 2% milk, the standard unit of quantity is 4 litres. The average price of 4 litres of milk as surveyed by Prices Division was $3.49. Since the weekly quantity is 10.45 litres, as defined by the Food Basket for the reference family of four, the price for the weekly quantity of 2% milk is $9.12 (or 10.45 litres/4.0 litres * $3.49 = $9.12).

Suggested purchase units are given for some food items but not for others. For example, round steak has no suggested purchase unit identified, while the weekly as purchased quantity is given as 500 grams. In these cases, the price provided by Prices Division is converted directly from the units as priced. In the example of round steak, pricing would be provided "per 100 g.", which would be converted into the Food Basket price for 500 grams.

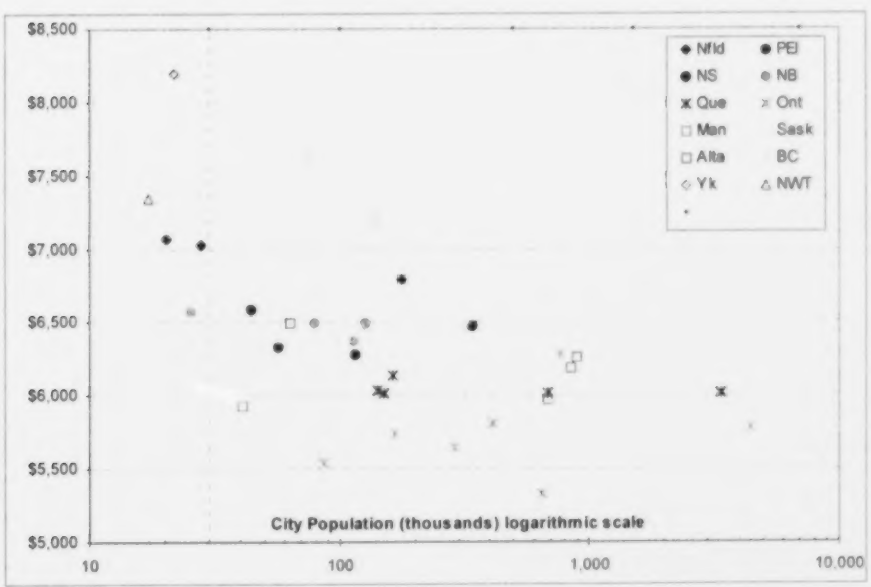
For each month and each city, an estimate of the cost of a *weekly* basket of food is calculated using this approach. Then the average of the 12 weekly estimates is multiplied by 52 to obtain the annual cost of the food basket for each city. The sampled cities represent 60% of the population of the 10 provinces, ranging from about 40% of the population in New Brunswick to 66% of the population in British Columbia. With the exception of Prince Edward Island, prices are collected in at least two cities per province.

Graph 1 shows the annual cost of the food basket for the various cities. The city sizes are taken from the 1996 Census population counts and are graphed on a logarithmic scale. There are two elements worth noting:

1) There is a fair variation in the cost of the food basket within and across provinces. For example, in British Columbia, the annual cost of the food basket varies from about $6,500 to $7,600.

2) It cannot always be assumed that food prices are cheaper in the CMAs and more expensive in smaller cities.

Graph 1: Food prices for 40 cities, based on 2000 Prices.



2.1.2 Cost of the basket versus provincial consumption patterns

The cost of the food basket obtained in 2000 has been compared to actual spending patterns as indicated by the SHS. Median expenditures from 1997, 1998 and 1999 have been averaged for the second decile and for the entire distribution of two-parent, two-children families, within each province. All amounts have been converted to 2000 prices using the provincial CPI for food purchased in stores.

SHS food expenditures cover spending in stores and in restaurants. However, the amounts paid by consumers in restaurants represent more than the input cost of food. These restaurant outlays by consumers should not be ignored in the analysis of the SHS food expenditure data, since a portion of these expenses would have to be replaced by additional grocery costs if restaurant meals were replaced by home-prepared meals. Therefore, an adjusted food expenditure was calculated, consisting of spending in grocery stores plus a percentage of spending in restaurants. A sensitivity analysis was done, using adjustment factors of 50% and 25%. Conclusions were the same in both cases, so only the analysis based on 50% of restaurant spending is used in the rest of this section. The cost of the Nutritious Food Basket and the spending on adjusted food are shown in Table 2.

Table 2- Estimates of cost of food basket and food expenditures, in 2000 constant dollars

Province	Cost of the Nutritious Food Basket	2nd income decile median spending on adjusted food [1] SHS 97-99	% Difference MBM to 2nd decile	All income deciles median spending on adjusted food [1] SHS 97-99	% Difference MBM to all deciles
	(1)	(2)[2]	((1)-(2))/(2)	(3)	((1)-(3))/(3)
Canada	6,103	5,672	8%	6,654	-8%
Newfoundland	6,849	4,797	43%	5,867	17%
Prince Edward Island	6,335	F	F	6,125	3%
Nova Scotia	6,441	4,864	32%	5,994	7%
New Brunswick	6,461	5,286	22%	6,016	7%
Quebec	6,021	6,033	0%	7,194	-16%
Ontario	5,797	5,466	6%	6,681	-13%
Manitoba	5,970	5,303	13%	6,290	-5%
Saskatchewan	6,225	4,698	33%	5,849	6%
Alberta	6,232	5,453	14%	6,599	-6%
British Columbia	6,747	5,778	17%	6,554	3%

F Too unreliable to be published.

1 The adjusted food expenditure = spending in stores + (50% x spending in restaurants)

2 Estimates in this column are based on a low sample and may not be statistically reliable.

At the Canada level, the cost of the Nutritious Food Basket is higher than the SHS median adjusted food expenditure in the second decile, but lower than the overall median adjusted food expenditure. However, this pattern does not hold for all provinces. In six provinces, the cost of the basket is higher than the median spending of all two-parent, two-child households: ranging from 3% higher in PEI and BC to 17% in Newfoundland. One reason for this is that the basket represents a "theoretical" consumption of food and may be quite different from what is actually consumed. For example, in a given province, the relative amounts of fish and beef actually purchased could vary from those specified by the basket.

2.1.3 Issues

- Prices are not currently collected in rural areas, and there is a relatively low representation of communities of smaller sizes. A study is currently being carried out to determine if food prices in these areas are similar to prices in the larger centres. In the interim, the food component in these areas should be based on the estimate in the closest available size range in the same province.

- The items in the Northern Food Basket are not currently being priced. An MBM food component for the territories would have to use the Nutritious Food Basket as priced in Whitehorse and Yellowknife.

2.2 Clothing basket

Initially, the MBM Clothing component was to be derived by taking 75 % of the 1991 budget provided for clothing[1] from the Social Planning Council of Metropolitan Toronto (Federal/Provincial/ Territorial Working Group on Social Development Research and Information, 1998, p.9). However, HRDC has since recommended that the Acceptable Living Level (A.L.L.) 2000 clothing list, prepared by the Social Planning Council of Winnipeg, be used instead (Federal/Provincial/Territorial Working Group on Social Development Research and Information, December 1999, p.5). The items in the A.L.L. basket are provided in Appendix 3. The use of the A.L.L. clothing basket creates difficulties, however, when attempting to determine a cost for the clothing component based on the pricing that is done for the CPI.

[1] Clothing excluding shoe repair and dry cleaning.

2.2.1 Calculation of an annual estimate for the clothing basket

The A.L.L. 2000 clothing basket is formulated to provide a complete wardrobe of essential clothing, with pro-rating for clothing items that normally last for more than one year. (For example, the purchase price of a winter coat is spread over four years.) The A.L.L. basket for two-adult, two-children families is used. It identifies items of clothing, along with quantities and dollar costs. As with food, the intention was to apply prices from Prices Division surveys in order to derive the cost of the clothing basket for the MBM reference family. However, two major problems arise when attempting this exercise.

First, many of the A.L.L. item descriptions are not precise enough to make appropriate matches with items priced for the Consumer Price Index (CPI). For example, the A.L.L. item "shirts" for women could refer to a blouse, but without more specifics regarding the type of material or quality of construction, there is a broad range of possible prices that could apply to the item. Second, a significant number of A.L.L. items are not currently priced for the CPI.

Despite these problems, a basket of clothing items was priced. The procedure used a combination of Prices Division data (covering items for which a good match or a good substitute was found for components of the A.L.L. list) and A.L.L. prices for Winnipeg (covering items for which no good CPI item match was found). Appendix 3 presents the list of items in the A.L.L. basket and indicates which items could be matched to prices collected for the CPI. In total, 36% of the A.L.L. items were priced based on good matches, 12% were priced with substitute items, and 52% used A.L.L. prices, where items were not surveyed by Prices.

As with food, Prices Division collects clothing prices in each province. Items in the clothing basket are priced in 16 cities (see Appendix 2). The sampled cities represent 53% of the population of the 10 provinces, (ranging form 37% in New Brunswick to 62% in Alberta). Four of the provincial estimates are based on prices from a single city. There is no representation of smaller communities or rural areas in the clothing basket.

The current sample size for clothing prices in each city is small. A given commodity may have 5-15 price measurements depending on the number of retail outlets priced in the city. The outlets represent a broad spectrum of retailers – including boutiques, department stores and "big-box" stores – and a broad range of prices. It should be noted that prices are not obtained in some discount outlets because the quality and availability of items vary from month to month.

There were some concerns that prices from high-end retailers, required for CPI purposes, would have a large impact on average prices. To solve this problem, two methods of averaging the price quotes for a commodity were compared. First, an arithmetic mean was calculated, excluding the outlets that represent high

cost outlets. Second, the geometric mean was used with no exclusions of outlets. (The geometric mean gives less weight to extreme values at the high end of the distribution.) Both methods produced similar results, so it is recommended to use the geometric mean, since no judgement need be applied to exclude certain outlets or prices.

2.2.2 Cost of the basket versus provincial consumption patterns

As with the food basket, the cost of the clothing basket obtained in 2000 has been compared to actual spending patterns as reported in the Survey of Household Spending (SHS). Median expenditures from 1997, 1998 and 1999 have been averaged for the second decile and for the entire distribution of two-parent, two-children families, within each province. All values were converted to 2000 constant dollars using the provincial CPI for clothing and footwear.

The A.L.L. 2000 price quote for the clothing basket, as specified by the Social Planning Council of Winnipeg, has also been included in the comparison. To estimate an A.L.L.-based cost of the clothing component for each province, inter-city spatial indexes of retail price differentials for clothing and footwear, were applied to the A.L.L. estimate for the city of Winnipeg. The resulting index-adjusted city estimates represent the respective provincial prices for clothing based on A.L.L.

The comparisons of clothing prices and expenditures are shown in Table 3.

Table 3 - Estimates of cost of clothing basket and clothing expenditures, in 2000 constant dollars

Province	A.L.L. 2000 specified cost (index-adjusted)	Cost of the A.L.L. from pricing activity	2nd income decile median spending on clothing SHS 97-99	% Difference	All income deciles median Spending on clothing SHS 97-99	% Difference
	(1)	(2)	(3)*	(1)-(3)/(3)	(4)	(1)-(4) /(4)
Newfoundland	2,292	3,158	1,316	74%	2,075	10%
Prince Edward Island	2,110	3,329	F	F	1,669	26%
Nova Scotia	2,292	3,418	1,515	51%	1,942	18%
New Brunswick	2,269	3,232	1,251	81%	1,742	30%
Quebec	2,269	3,634	1,304	74%	2,108	8%
Ontario	2,292	3,422	1,327	73%	2,110	9%
Manitoba	2,269	3,202	1,094	107%	1,653	37%
Saskatchewan	2,246	3,165	1,270	77%	1,906	18%
Alberta	2,156	3,379	1,350	60%	1,869	15%
British Columbia	2,292	3,423	1,252	83%	1,761	30%

F Too unreliable to be published.
* Estimates in this column are based on low sample counts and may not be statistically reliable.

Table 3 reveals that there are significant differences between cost and spending for the clothing component. The amount quoted by the A.L.L. (first column) is considerably higher than the median spending on clothing and footwear reported to the SHS by two-adult, two-child families in the second income decile (third column) in all provinces. This ranges from a low of 51% of spending in Nova Scotia to 107% of spending of the second income decile in Manitoba. It is also higher than the median spending reported by all two-adult, two-child families, (from 8% in Quebec to 37% in Manitoba). The cost quoted by the A.L.L, is more typical of the clothing expenditures of the seventh income decile of the reference family.

The second column of Table 3 shows the cost of the clothing basket based on the pricing of items that matched CPI lists. The estimates are higher than those quoted by A.L.L. for the city of Winnipeg and are therefore higher than the median spending of the second decile and of the overall population of two-adult, two-children families. In this case, the cost estimate is more typical of the clothing expenditures of the ninth income decile of reference families.

The methodology represented in column 1 (A.L.L. 2000 specified cost, index adjusted) was used to calculate the MBM cut offs. However, the methodology represented in column 2 (cost of A.L.L. from pricing activity) is the recommended methodology, but only when more detailed clothing specifications are developed.

2.2.3 Issues

- From the point of view of the MBM, one problem with the CPI pricing activity is that the data collection scheme is designed to provide accuracy in price *trends* or *direction* and not in price *level*. A different sampling scheme may be needed to produce provincial and sub-provincial estimates of price levels.

- The description provided in the clothing specification for the A.L.L. is very general and requires clarification before precise matching with the existing price sample can be achieved. The cost of clothing such as shoes, pants and winter coats varies greatly according the quality of the product. Without precise qualitative specifications and collection control procedures, inter-provincial price level comparisons will be meaningless.

- Many items identified in the A.L.L. basket are not currently surveyed. Few children's clothing items are priced for the CPI. In some cases substitutions can be made. In other cases, prices collected on similar items for adults could be adjusted to estimate the price of the corresponding children's item. A more preferable solution, however, would be to expand the set of clothing items surveyed in order to improve the match with the A.L.L. basket.

- Since the inter-city indexes of retail price differentials for clothing and footwear from Prices Division are based on the cost of the clothing and footwear items surveyed by Prices, the application of these indexes to the Winnipeg A.L.L. basket to calculate prices for other jurisdictions may not be appropriate.

- For the years 2000 and 2001, an interim specification should be used. HRDC has recommended that the clothing basket presently identified by A.L.L. be used, with the base price being the cost of the basket in Winnipeg for the reference family, as determined by the Winnipeg Harvest and the Winnipeg Social Planning Council. To determine the cost of the clothing basket in other urban centres, the relative spatial indexes for clothing and footwear will be used. These indices will generate a cost for the clothing and footwear basket in ten urban centres across the country in addition to Winnipeg. The assumption should be that price in the urban centres in each province and territory for which relative spatial indices are produced approximates the price in other community sizes within each jurisdiction. As a result, clothing basket prices at the provincial level would be used in the MBM calculations. It is recognised, however, that the differences between the content of the A.L.L. basket and the basket presently priced by Statistics Canada could result in some bias in these provincial estimates.

2.3 Shelter

The basket for shelter consists of rental accommodation for the MBM reference family, including utilities (electricity, heat and water) and some amenities (refrigerator, stove, clothes washer and dryer).

The Federal/Provincial/Territorial Working Group recommends that calculation of shelter cost for the reference family of four be based on the average of the median prices for rental units with two bedrooms and for rental units with three bedrooms. Subsidised rent households are included in the calculation, while those paying no rent are excluded. In its first attempt at defining a measure, HRDC used the median rents as measured by Canada Mortgage and Housing Corporation's 1996 rental survey. The costs were estimated within each province and within each area size. Subsequently, HRDC recommended an alternate approach, due to the limitations of CMHC rental data.

A number of sources of shelter data were examined. Unfortunately, there is no single source that can supply all the components of shelter at the required level of geographic detail. The rest of this section describes the data sources and proposes a method for combining them to produce the cost of the shelter basket.

Finally, the issue of subsidised housing is examined to determine its potential impact on shelter costs.

2.3.1 Sources of information on shelter within Statistics Canada

In Statistics Canada, there are a number of surveys that could be used to estimate rental costs.

1) The Canadian Census of Population

The Census of Population is conducted every five years. The long form (asked of 20 % of households in Canada) includes eight questions on housing: who pays the rent, is the dwelling owned or rented, the number of rooms/bedrooms, the age of the building, the requirements for repairs and renovations, whether electricity, heat and water costs are included in the rent and if not, the costs for these utilities, along with the rental price. There is no information on whether or not the rent reported by the respondent is subsidised.

The sample size of the Census makes it an attractive choice for producing statistics at a detailed geographical level. However, a Census is conducted only every five years, and some method of updating is needed between censuses. The Census also has content limitations such as the lack of information on subsidies, or on appliances that are included in the rent.

2) The LFS Rent Supplement Survey

The Labour Force Survey (LFS) rent supplement collects a broad range of information on the type of rental dwelling. This includes the floor on which the dwelling occupants live, the age of the building, the number of bedrooms, whether the rent is subsidised (but not the value of the subsidy), changes in the rent since the previous month, whether parking is included in the rent, (and if so, the type of parking and how many parking spaces), changes in services, equipment and facilities every month and what is included in the rent (heat, heating of water, cold water, electricity, cable, refrigerator, range, washer, dryer, other major appliances, and furniture). The costs of elements not included in the rent are not measured.

Each month, rent supplement data is collected from approximately 7,500 two and three bedroom renter households. The rent supplement survey has the same population coverage and restrictions as the Labour Force Survey. In particular, military barracks, Indian reserves, collective dwellings and dwellings located in special areas (such as institutions and remote areas) are excluded.

The LFS Rent Supplement is conducted on a monthly basis, with one-sixth of the sample replaced each month, and it identifies which units are subsidised or are used for business. Finally, the Rent Supplement indicates which appliances are included in the rental price, information not available from the Census. However, its sample size is too small to produce reliable estimates at the level of province and community size.

3) The Survey of Household Spending (SHS)

The SHS is an annual survey that began in 1997 as a redesign of the Family Expenditure Survey (FAMEX). SHS provides amounts paid in rent each month for the previous calendar year, as well as expenditures on household furnishings, appliances and equipment. Information is obtained from approximately 17,000 responding households, but since the sub-population of renters by province ranges from 18% in Newfoundland to 37% in Quebec (as estimated by the LFS rent supplement), the actual useable sample size is much smaller.

2.3.2 Appliances included in the rental prices

The Census can supply the cost of rent, electricity and water by province and size of area of residence. However, the Census has no information on whether a refrigerator, stove, washer or dryer are included as part of the rent. Table 4 shows that the practice of including these appliances varies considerably across the country. For example, a fridge is included in 12% of two bedroom units in Quebec and in 90% of similar units in Manitoba. The data in Table 4 represent averages of seven months of LFS rent supplement data. Examination of the variability of these monthly estimates suggests that an annual average should be used rather than any one monthly value.

Table 4 - Percentage of rental units with various appliances included in the rent, LFS rent supplement, average of June to December 2000.

Province	NF	PE	NS	NB	QC	ON	MB	SK	AB	BC
2 - bedroom rental units										
Fridge	82	91	87	81	12	84	90	85	91	91
Stove	81	92	89	80	13	85	89	88	91	92
Washer	13	12	9	8	3	9	27	36	18	31
Dryer	13	11	7	6	2	8	27	32	18	28
3 - bedroom rental units										
Fridge	85	81	69	70	8	63	76	73	82	82
Stove	84	79	71	69	8	63	76	73	83	84
Washer	11	8	15	11	2	18	34	38	36	38
Dryer	9	8	14	10	2	18	38	37	37	36

Some adjustment should be made to allow for the extra expense that some renters must incur in supplying themselves with various appliances. In theory, a cost could be imputed at a micro-record level before the median rent is determined. However there is not enough information to properly identify the type of households for which appliances are included. Therefore it is proposed that the imputation be done at the provincial level, after the median rents have been determined. The adjustment is made up of two parts: the cost of the appliance (averaged over its lifetime), multiplied by the percentage of renters who do not have that appliance included as part of their rent.

Table 5 shows the average expenditure on three types of appliances by two adult, two children families in the second decile of the Survey of Household Spending. These expenditures represent an average of three years, updated to 2000 dollars using the CPI for household equipment. The amount spent is averaged over all families, not only those who actually purchase any given major appliance in a given year. This produces an average annual amount that a family would spend to supply itself with that appliance over the lifetime of the appliance.

*Table 5 – **Expenditure on various appliances by households in the second income decile 1997 - 1999, adjusted to 2000 constant dollars***

	Average 97-99	1997	1998	1999
Refrigerator	51	50	40	64
Stove	16	5	22	21
Washer and dryer	48	45	57	43

2.3.3 Construction of the shelter component

Given the large sample size, it is proposed that Census data be used to provide the basic rent level by province and size of area of residence, where sample size permits such a calculation. If insufficient sample does not permit such a calculation, the community sizes closest together in population will be amalgamated. This basic amount is made up of rent, as well as the additional cost of heat, electricity and water, if they are not included in the rent.

In order to ensure a certain standard of accommodation, only rental units that are not in need of major repairs will be used to calculate the basic cost of rent. A more sophisticated method of adjusting for a range of factors could be studied for the future.

It is proposed that the median rent as calculated from the Census of Population be adjusted to account for the different provincial practices in including major appliances along with the stated cost of rent. The adjustment would multiply the percentage of renters who do not have certain appliances included (from the LFS rent supplement) times the expenditure by the second decile, averaged over the lifetime of the appliance (from SHS).

Between censuses, the CPI rental index for each province could be used to update the amounts. The rental index is produced using data from the LFS Rent Supplement. Two ways of producing yearly updates were examined; a yearly measure of change was calculated for comparable months (for example from July in year T and July in year T-1) versus the comparison of the yearly change in the average index levels between two years. Study of the indexes suggest the use of the annual averages, as opposed to comparing specific months, because of the variability that is observed depending on which month is selected for the comparisons.

An example presented in Table 6 illustrates the proposed methodology. The first line of the table shows the median rents in two provinces. Before any adjustment is applied, the rent in province A is 71% of that in province B. The next line shows the adjustment for refrigerators. In province A, 90% of rental units do not include refrigerators, so the rent must be increased by 90% x $51 (the amortised cost of a refrigerator). In province B the rent must be increased by 15% x $51. Similar calculations are applied for stoves, washers and dryers to produce a new adjusted rent. The adjusted rent of province A is 80% that of province B. The rent in province A is lower than in province B, but part of the difference is due to the fact that appliances are typically not included in province A.

In practice, this exercise would be carried out separately for two bedroom units and for three bedroom units. The final value for the rent would be the average of the adjusted two bedroom median and the adjusted three bedroom median.

Table 6 - Impact of the rent adjustment for appliances

	Province A		Province B	
Median rent		$500		$700
Allowance for fridge	90% x $51 =	$46	15% x $51 =	$8
Allowance for stove	90% x $16 =	$14	15% x $16 =	$2
Allowance for washer / dryer	95% x $48 =	$46	90% x $48 =	$43
Adjusted two bedroom rent		$606		$753

2.3.4 Cost of the basket versus provincial consumption patterns

It is not possible to compare the cost of the shelter basket to the provincial consumption patterns from the SHS as has been done for food and clothing. The SHS collects spending on shelter for both renters and homeowners. However, for homeowners, some of the SHS spending categories are often considered to be investments and not part of the cost of shelter. In particular, SHS shelter includes spending on regular mortgage payments covering both principal and interest. Mortgage principal payments are generally considered to represent an investment, while interest payments are considered to be part of the cost of shelter. In contrast, the MBM basket for shelter consists of the cost of rental units which have no investment component.

2.3.5 Issues

The median costs of rental units have been calculated excluding zero rents. This means that basic MBM shelter expenses will slightly overestimate actual costs since a proportion of the population pay no rent, or do not pay the full cost of rent. This is really part of the bigger issue of imputed rent. The proposed MBM in-

come concept does not take account of the fact that some families are in situations that result in a considerable decrease in their net shelter costs. This could be due to the fact that they own a home or to the fact that a home is available to them at no cost or at a reduced cost.

In 1999, the Survey of Financial Security (SFS) requested information on home ownership and mortgage. Table7 presents these results. There are provincial differences in the percentage of home owners without mortgages: in BC, 24% of families lived in a house without a mortgage, while this was true for twice as many families in Newfoundland (49%).

Table 7 - Distribution of families by rent status and by province, 1999

	NF	PE	NS	NB	QC	ON	MB	SK	AB	BC	Canada
% rent	27	33	36	30	45	40	36	31	34	42	40
% own with mortgage	24	31	30	32	30	34	31	29	38	33	33
% own without mortgage	49	37	34	39	25	26	33	40	28	24	28

Additional questions would have to be asked on the income survey to calculate an imputed rent value for homeowners. It is worth noting that the Expert Group on Household Income Statistics (the Canberra Group) identified imputed rent as one of four areas that are achievable in practice and would contribute most to producing a fairer and more accurate picture of income distribution. It is however not possible to do an adjustment for imputed rent with the existing data.

2.4 Transportation

The MBM includes a component to meet the basic transportation needs of the reference family members for work, school, shopping and participation in community activities. The transportation component is specified by the Federal/Provincial/Territorial Working Group as one of the following:

- in urban areas served by public transit: 2 monthly transit passes and 12 round-taxi trips per year
- in areas not served by public transit: the cost of operating a vehicle and of purchasing a five-year-old car once every five years.

Virtually all of the items specified for inclusion in the transportation component are surveyed by Prices Division. Appendix 4 presents the availability of quotes by urban centres, while Appendix 5 indicates the frequency of quotes for the transportation items. These tables show that number of cities surveyed varies by item, as does the frequency of price quotes. For example, public transit prices are surveyed in 58 cities, while gasoline is priced in 40 cities. Commodities with fre-

quent price changes (such as gasoline) are surveyed monthly while items with infrequent price adjustments (such as bus passes) are surveyed twice annually. Other items (such as automobile registration fees) are monitored and priced as needed.

2.4.1 Recommendations on where to apply public and private transit

The MBM transportation component calls for a separate calculation for public and private transit. Coverage of the Canadian population by public transit systems was determined using the data from the Canadian Urban Transit Association and the Quebec Ministry of Transportation. Coverage rates indicate that:

- Rural areas, as expected, have virtually no coverage
- Less than one-third of all urban areas under 30,000 are served by public transit, though estimates vary from province to province
- The vast majority of all urban areas with 30,000+ population are served by public transit.

Based on these results, the following treatment is proposed.

- **Urban areas 500,000+** and **Urban areas 100,000 – 499,999** - The public transportation component applies since transit systems are present in every urban centre in these categories.
- **Urban areas 30,000 – 99,999, except Charlottetown** - Of the 49 centres in this category, 46 have public transit systems. It is proposed that the public transportation component be applied to all centres in this size class except for Charlottetown.
- **Charlottetown, P.E.I.** - Charlottetown is not served currently by public transit. Since Charlottetown is the only centre of this size in the province, it is recommended that the private transportation component be applied.
- **Urban areas less than 30,000 and rural areas** – The private transportation component applies to these two categories. There will a separate private transportation calculation for each province and territory.

2.4.2 Calculating the public transportation component

The public transportation basket consists of the total annual cost of two monthly transit passes and 12 round-taxi trips per year.

Public transit fares

Public transit fares are collected in 58 cities. Since transit fares are priced twice yearly, the average of the two observations represents the monthly cost of one adult pass. This is multiplied by 24 (2 adults x 12 months) to give an annual value. Where monthly passes are not available, 40 adult tickets substitute for one monthly adult pass in the calculation.

Whenever public transit quotes are available from Prices Division from more than one city in an urban size category in a province, the public transit estimate is based on a population-weighted average of the surveyed cities.

Taxi fares
The MBM specifies 12 taxi fares per reference family per year, at a cost of $16 each in constant 2000 dollars. The total for taxi fares is $192 per year in all urban size categories where the public transportation applies. This amount will be updated annually using the provincial CPI for taxi fares.

Total public transportation component
The annual public transit fare values calculated for each urban size category are summed with the annual amount for taxi fares, giving the total public transportation component value for each urban size category within each province. For 2000 reference year, this amount ranges from about $1,200 in Quebec centres from 30,000 to 99,999 to about $2,300 in Toronto.

2.4.3 Calculating the private transportation component

Calculation of the private transportation component involves estimating values for each of the six private transportation items identified by the MBM specifications, summed to give the total private transportation component.

Annual private transportation component
= 1/5 x cost of a 5-year-old used vehicle, including interest charges
+ annual drivers license fee
+ annual vehicle registration fee
+ annual mandatory vehicle insurance
+ cost of 1,500 litres of gasoline
+ cost of two oil changes and one tune-up

Purchase price of a used car
The MBM specifications for the private transportation component allow for the purchase of a five-year-old, four-door compact car, once every five years. Purchase price includes interest charges for a 36-month loan on the entire purchase amount.

An acceptable procedure for determining the market value of such a vehicle first must be established, given that Prices Division does not survey used car prices. The monthly publication *Canadian Red Book – Official Used Car Valuations* is the suggested price source, since it is the accepted benchmark for used vehicle valuations in the auto retail sector. The make and model specified by HRDC is a four-door, four-cylinder Chevrolet Cavalier.

The initial calculation is based on the October 2000 edition of the *Red Book* for a 1995 Cavalier. The quoted *Red Book* price (plus the appropriate sales tax) is divided by five, to represent the annual purchase price, since the MBM specification calls for vehicle replacement every five years. *Red Book* publications also include adjustment factors for provincial price variations, and these are used to adjust the vehicle price estimates by province.

Interest charges are added to cover the cost of a loan for the entire purchase price. Since loan rates vary with time, depending on market conditions, an average annual interest rate is calculated. This rate is based on monthly quotes provided by representative financial institutions. The annual interest rate then determines total interest charges for a 36-month loan for the vehicle's entire purchase price. Total interest charges, divided by five, give the annual interest charge for the loan.

The annual purchase price plus the annual interest charge gives the total annual price, by province, of purchasing the MBM-specified vehicle.

Driver's license
Provincial and territorial driver's license fees are surveyed annually by Prices Division. Where license fees cover more than one year, an annual rate is calculated. There are separate quotes for each province and territory. The driver's license calculation for the MBM assumes that there is one adult driver in the reference family.

Vehicle registration
Provincial and territorial vehicle registration fees are monitored and priced as needed by Prices Division. There are separate quotes for each province and territory.

Mandated vehicle insurance
The MBM specifies mandated vehicle insurance, meaning only the basic insurance required by law, including coverage to drive a vehicle to work. Specifications assume that the one adult driver has had six years without an accident. There are separate MBM mandated vehicle insurance calculations for each province and territory.

Where only one center is surveyed in a province, prices quoted for that centre represent mandated vehicle insurance for the entire province. Where price quotes are available from more than one urban center in a province, the cost is based on a population-weighted average of the smaller cities surveyed. There are two reasons for omitting the larger cities. First, many of the centres surveyed are classified in larger urban areas where the public transportation component applies, and insurance quotes should be restricted as much as possible to centres where the private transportation component applies. Second, insurance rates tend to be higher in the larger, more traffic-congested urban areas: if price quotes from the largest centres were incorporated, they would overestimate vehicle insurance

costs in the smaller urban and rural areas where the private transportation component applies.

Annual mandated insurance prices are derived from Prices Division vehicle insurance quotes. In some jurisdictions, vehicle registration fees include minimum mandated insurance, while in others, vehicle owners must arrange for their own auto insurance coverage. Price quotes in each province are adjusted to take individual provincial situations into account. Price quotes (which were collected during 2001 and 2002) were adjusted to represent prices in 2000 using the CPI for automotive vehicle insurance premiums.

The calculations for MBM mandated vehicle insurance indicate that there is significant variation in the estimates among jurisdictions. This is due to differences among jurisdictions regarding minimum insurance required by law. It is assumed that the mandated vehicle insurance calculation must reflect these jurisdictional differences, so prices will vary accordingly.

Gasoline

The MBM specifies 1,500 litres of gasoline for the private transportation component. Gasoline is surveyed monthly by Prices Division in 41 cities. Given the variability in gasoline prices over time, the annual calculation is based on the sum of the monthly prices. The geometric mean of the monthly prices for non-leaded gas at both full-service and self-serve outlets is used to calculate the monthly gas price. The annual allocation of 1,500 litres is distributed evenly over 12 months, at 125 litres per month. Then the 12 monthly per-litre prices, multiplied by 125, are summed, resulting in the annual MBM value for gasoline.

Calculation of gasoline prices is also restricted to the smallest surveyed centers in each province. As with price quotes for other items, most of the 41 centres surveyed for gasoline are the larger urban areas. Restricting gasoline estimates to smaller centres minimizes the potential price impact of greater competition among outlets in larger centres. As a result, gasoline prices are based on quotes from only one urban center in eight provinces and territories (PEI, Nova Scotia, Ontario, Manitoba, Alberta, BC and the three territories) and from two or three in the others.

Vehicle maintenance

The MBM specifies annual vehicle maintenance as one annual tune-up and two oil changes. Prices Division surveys tune-up prices in 21 centres. None of the surveyed centres (with the exception of Charlottetown) are from urban areas where the private transportation component applies. In the absence of price quotes from centres where private transportation applies, the estimates for annual tune-ups and oil changes are based on population-weighted averages of the surveyed centres.

Total private transportation component

The annual estimate of each private transportation item is summed within each province, producing the MBM private transportation component value. For reference year 2000, these totals range from about $3,500 in Alberta to $4,100 in Manitoba. While there were provincial differences in all the items priced, the majority of the variation is due to differences in the cost of insurance.

The age of the used car and the frequency of replacement of that car have an effect on the amount of the private transportation component. For example, if a six-year-old car were purchased every six years, instead of a five-year-old car every five years, the cost of private transportation would be reduced by $900.

2.4.4 Cost of the basket versus provincial consumption patterns

It is not possible to compare the cost of the transportation basket to the provincial consumption patterns from the SHS as has been done for food and clothing. This is due to conceptual differences and low sample sizes. The SHS does not separate the interest paid on a loan for purchasing a vehicle from interest for other types of consumer loans. In addition, the SHS annual estimate for vehicle purchases represents the full purchase price of the vehicle and not simply the amount paid during the year as is the case for the MBM.

Another major difference between SHS spending estimates and MBM provincial thresholds is that the SHS represents spending on public and private transportation throughout the province, while the MBM private transportation thresholds are calculated only for rural and small urban areas and public thresholds are calculateed for the larger urban areas. Therefore, to obtain a provincial level MBM threshold, it is necessary to calculate a population weighted average of public and private transportation thresholds. Since, most of Canada's population lives in larger centres (except for Newfoundland), the public transportation threshold (which is much lower than the private transportation threshold) dominates the estimate, pushing it down. However, an examination of SHS results shows that city dwellers, even those in the second income decile, spend, on average, a large portion of their transportation dollar on private transportation.

2.4.5 Issues

Public transportation

- For some urban size classes, the public transit value is based on limited price quotes. In Ontario, for example, the value for the size category 30,000 – 99,999 is based on the quote from one city, while the category contains thirteen Ontario urban centres in total. In Nova Scotia, there are no quotes available, so the next largest size class was used. The impact of this methodology should be examined.

Private transportation

- Ideally, the estimates for insurance, gasoline and tune-ups would be based on quotes from centres in which the private transportation component applies. Larger urban centre price quotes were excluded from the calculations when possible, but it was frequently necessary to use any available quote. This would result in an overestimation of the insurance portion, because insurance rates are higher in larger cities. The impact on gasoline and tune-up costs is not known.

2.5 Other Expenses

The MBM has a final component defined for other expenses, to cover all other goods and services that would be considered necessities according to the current societal norms.

To balance effort spent with benefits returned, the methodology for pricing other expenses would preferably avoid the costly task of pricing, then updating estimates for the numerous items categorized as other expenditures. It is suggested to use SHS data to determine a value for the relationship between spending on other expenses and spending on food and clothing. This value is then applied to the estimated costs of the food and clothing components of the MBM to produce a dollar amount for other expenses.

2.5.1 Calculating Other Expenses

The procedure used to derive a dollar estimate for other expenses. All calculations are based on the reference families (two parents, two children for the whole year) in the second income decile of the SHS.

- Calculate the other expenses average spending by MBM reference families, based on the set of items specified in Appendix 6A.
- Calculate food, clothing and footwear average spending by MBM reference families, based on the set of items specified in Appendix 6B.
- Express the other expenses average spending as a percentage of the food, clothing, and footwear average spending. The result is the other expenses multiplier.
- Apply the Canada-level other expenses multiplier to the MBM estimates for the food, clothing and footwear components in each province/urban size class.

$$\text{Other expenses multiplier} = \frac{\text{Spending on other goods and services}}{\text{Spending on food, clothing and footwear}}$$

$$\text{Other expenses annual estimate} = \text{Other expenses multiplier} \times \text{Estimate of cost of food, clothing and footwear components}$$

The estimate for the other expenses multiplier, based on SHS 1999 data, is 68.1%. Calculations based on SHS 1998 and 1997 data are 64.7% and 73.8% respec-

tively. These results indicate significant variation in the annual estimates for the multiplier, suggesting that a moving average would be preferable for the MBM other expenses multiplier value. The three-year average based on SHS 1997-1999 data is 68.9%.

2.5.2 Issue

If either the food or the clothing component is out of line with actual spending, then the other expenses amount will be similarly affected. This is of concern, given the relationship between the A.L.L. clothing basket estimate and median family spending on clothing (section 2.2.2).

3. Determination of MBM disposable income

3.1 MBM definition of disposable income

The income concept used for MBM is the income available to purchase the goods and services that are contained in the MBM basket. The general approach is to begin with total income and to subtract income taxes and other non-discretionary expenses from that amount. This extends the traditional after-tax income concept, which takes income taxes into account but does not consider any other expenses.

Total Income refers to income from all sources including government transfers. To calculate MBM income, subtract the following from Total Income.

- **Income tax,** that is, federal and provincial taxes on income, capital gains and RRSP withdrawals, after taking into account exemptions, deductions, non-refundable tax credits, and the refundable Quebec abatement.
- **CPP/QPP contributions** that are deducted from earnings due to paid employment. (*Receipts* from CPP/QPP are included in Total Income.)
- **Employment Insurance (EI) contributions** that are deducted from earnings due to paid employment. (*Receipts* from EI are included in Total Income.)
- **Registered Pension Plan (RPP) contributions** that are deducted from earnings due to paid employment.
- **Union and professional dues** including union dues, fees associated with collective agreements, professional membership dues and liability or malpractice insurance premiums
- **Child/spousal support payments** *paid* to a former spouse or partner, as covered by an agreement to pay a fixed amount on a regular basis. (*Receipts* from support payments are included in Total Income.)
- **Work-related child care expenses** incurred for child care which enable the parent(s) or guardian(s) to work for pay.
- **Out-of-pocket medical expenses** for medically recommended health care and equipment
- **Public health insurance premiums** as required in some provinces.

The components are factored into the calculation of MBM income at the individual level. The result is then summed for all economic family members to derive the MBM income for the economic family. The economic family MBM income is then compared to the annual cost for the MBM basket of goods and services for the appropriate category to determine whether the family is above or below the MBM line.

3.2 Source of income data

The Survey of Labour and Income Dynamics (SLID) provides the income amounts that are used to estimate MBM rates. SLID is a longitudinal survey designed to capture changes in the economic well-being of individuals and families over time. The SLID sample is composed of two panels with a combined sample size of approximately 35,000 households. A panel is surveyed for a period of six consecutive years. A new panel is introduced every three years, so there are always two overlapping panels in the survey.

SLID conducts up to 12 interviews over the six-year period that each household is in the survey. In January, interviewers collect information regarding labour market experience, educational activity and family relationships. In May information on income is collected. The income interview is deferred until May to take advantage of income tax time when respondents are more familiar with their income situation.

To reduce response burden, respondents can give Statistics Canada permission to use their tax information for the purposes of SLID. Those who do so are only contacted for the labour interviews. Close to three-quarters of SLID's respondents give their consent to the use of administrative tax records.

3.3 Deductions from total income

The non-discretionary expenses described in the MBM specifications are obtained in a variety of ways: tax data (for SLID respondents who give permission), reported values in the SLID labour and income interviews, direct calculation based on published algorithms and imputation from SHS. Table 8 describes how each expense is derived, often with one approach for respondents who give permission to use tax data and another method for respondents who choose to respond by interview.

Table 8 – Items to deduct from after-tax income to arrive at MBM income

	Respondents who give permission to use tax data	Respondents who give income data by interview
CPP/QPP Contributions	Calculation based on earnings and published contribution rates Edit using lines 308 and 310 from tax form	Calculation based on earnings and published contribution rates
EI contributions	Calculation based on earnings and published contribution rates Edit using line 312 from tax form	Calculation based on earnings and published contribution rates
Registered pension plans contributions	Line 207 from tax form	Reported in income interview
Annual union and professional dues	Line 212 from tax form	Reported in income interview
Support payments paid	Reported in labour interview Edit using line 220 from tax form	Reported in labour interview
Work-related child care expenses	Reported in labour interview Edit using line 214 from tax form	Reported in labour interview
Direct medical expenses	Use line 330 from the tax form, if present Otherwise, impute from SHS	Impute from SHS
Public health insurance premiums	Calculation based on province and net income	Calculation based on province and net income

SLID asks respondents to report how much they spend in total on child care expenses each year. This includes child care for which no receipts are obtained and which is not claimed as a deduction on the parent's tax form.

According to the MBM specifications, a family's income should be reduced by the actual out-of-pocket medically-recommended health care expenditures because this amount is not discretionary and is not available to purchase the MBM basket of goods and services. SLID has information on medical expenses claimed on the tax form by respondents who give tax permission, while SHS has information on several categories of health care expenditures. The proposed approach to estimating medical expenses is to combine these two sources of information.

First, if a claim has been made on the income tax form then that amount will be used as the cost of medically-recommended health care. Although this applies to only about 10% of families (14% of families with a disabled member), the amounts involved are often substantial and it is important to include their impact on the income that a family has at its disposal to purchase the MBM basket. Only the total dollar amount of the medical claim is available; there is no description of the individual medical expenses that make up the total. Therefore, using tax data requires that we adopt the tax definition for allowable medical expenses. The General Income Tax and Benefit Guide – 2000, published by the Canada Customs

and Revenue Agency, gives the following five examples of the most common medical expenses that can be claimed.

- Payments to a medical doctor, dentist, nurse, or public or licensed private hospital
- Payments for artificial limbs, wheelchairs, crutches, hearing aids, prescription eyeglasses or contact lenses, dentures, pacemakers, prescription drugs, and certain prescription medical devices
- Amounts paid for attendant care, or care in an establishment
- Expenses relating to guide and hearing-ear dogs
- Premiums paid under the *Quebec Prescription Drug Insurance Plan*, and premiums paid to private health services plans (other than those paid by an employer)

The cost of health insurance premiums paid for travel outside of Canada is an example of an expense that is included in the tax definition but is not included in the MBM definition because it is not a necessary expense. Such expenses would be subtracted form total income, because they cannot be separated from other allowable medical expenses that are claimed in line 330 of the tax form.

The majority of Canadians do not claim medical expenses on their tax forms, presumably because their expenses are below the allowable limit. For the tax year 2000 this limit was 3% of net income or $1,637, whichever was lower. SLID imputes medical expenses for such families, based on the expenditure patterns reported in SHS by similar families, that is families who would not have claimed medical expenses on their tax returns. The categories of health care expenditures in SHS that fall within the MBM definition of non-discretionary medically-recommended expenses are listed below. Only direct out-of-pocket costs incurred by household members are reported in these categories. Payments for which respondents have been or will be reimbursed are not included.

- **Premiums for private health insurance plans,** including supplementary coverage to public hospital and medical plans, extended health benefit packages, drug plans, out-of-country benefits and visitors' benefits
- **Premiums for dental plans**
- **Prescription eye wear,** e.g. contact lenses, eyeglasses and insurance on lenses
- **Other eye care goods,** e.g., non-prescription eye wear, eyeglass cases and supplies for contact lenses
- **Eye exams, eye surgery (e.g. laser surgery)** and other eye care services. For MBM purposes, this category is capped at $200 to exclude discretionary laser surgery.
- **Dental services and orthodontic and periodontal procedures,** e.g., examinations, cleanings, fillings, extractions, x-rays, root canals, and the prescription and fitting of dentures
- **Physicians' care,** including general practitioners and specialists

- **Other health care practitioners,** e.g., nurses, therapists, chiropractors, osteopaths and podiatrists
- **Hospital care**, paid directly by the respondent
- **Weight control programs, quit-smoking programs and other medical services,** e.g. ambulances, rental of medical equipment, laboratory services and nursing homes.
- **Medicines, drugs and pharmaceutical products prescribed by a doctor**
- **Health care supplies and goods,** e.g., first aid kits, bandages, hearing aids, thermometers, wheel chairs and other appliances, bathroom scales and elastic hosiery.

The average per capita expenditure in the total of the above categories was calculated for each province based on the 1997, 1998 and 1999 SHS data. Table 9 shows these values, as well as the average of the three years. All figures have been converted to 2000 constant dollars using the provincial CPI for Health Care. These data were collected at the household level and divided by the average household size to create per person expenditures.

Table 9 - Average out-of-pocket medical expenses from SHS, 1997-1999

	Average medical expense per person in 2000 dollars			
	Average 97-99	1997	1998	1999
Newfoundland	103	91	102	114
Prince Edward Island	155	142	147	175
Nova Scotia	131	121	134	137
New Brunswick	126	125	127	126
Quebec	151	156	133	163
Ontario	129	136	124	127
Manitoba	144	131	148	153
Saskatchewan	132	142	124	130
Alberta	171	155	177	181
British Columbia	153	156	167	135

3.4 Effect of MBM disposable income on low income rates

Table 10a presents low income rates calculated using the MBM disposable income as described above. Table 10b presents low income rates calculated using income after tax instead of MBM disposable income.

Table 10a Low Income Rates calculated using MBM disposable income, 2000

	Total	less than 18	18 - 64	65 and over
Total	13.1%	16.9%	13.2%	5.6%
Newfoundland and Labrador	23.4%	31.6%	22.0%	15.3%
Prince Edward Island	14.6%	17.8%	14.3%	9.8%
Nova Scotia	16.1%	20.4%	15.7%	10.8%
New Brunswick	13.8%	17.1%	13.4%	9.9%
Quebec	11.9%	15.2%	12.6%	2.7%
Ontario	11.1%	14.5%	10.9%	4.9%
Manitoba	13.0%	20.4%	12.3%	3.0%
Saskatchewan	13.9%	19.6%	13.8%	3.8%
Alberta	11.9%	15.4%	12.0%	2.1%
British Columbia	20.0%	24.1%	20.1%	12.4%

Table 10b Low Income Rates calculated using after tax income, 2000

	Total	less than 18	18 - 64	65 and over
Total	10.6%	12.9%	10.9%	4.4%
Newfoundland and Labrador	20.1%	27.8%	18.5%	14.1%
Prince Edward Island	11.7%	12.6%	12.0%	8.1%
Nova Scotia	13.5%	16.0%	13.3%	10.0%
New Brunswick	11.1%	12.3%	11.4%	7.5%
Quebec	9.8%	11.6%	10.8%	1.7%
Ontario	9.2%	11.9%	9.3%	3.9%
Manitoba	11.0%	17.0%	10.5%	2.8%
Saskatchewan	11.6%	16.2%	11.7%	2.9%
Alberta	8.8%	10.5%	9.1%	1.8%
British Columbia	14.9%	15.8%	15.5%	10.1%

3.5 Issues

- SLID is not collected in the North and so a territorial estimate of disposable income cannot be calculated there for now. A project will evaluate if administrative data could be used instead.
- Out-of-pocket medical expenses are imputed but with limited information. More should be done to see how well the imputation works, particularly for people with disabilities.

4. MBM thresholds

4.1 Forty-eight thresholds for the provinces

The preceding sections have described how the food, clothing, shelter, transportation and other expenses components of the Market Basket Measure are constructed, based on a reference family of two adults and two children. To produce the threshold for that reference family, the food, clothing, shelter, transportation and other expenses amounts are simply added together.

Threshold for the reference family = cost of food component
+ cost of clothing component
+ cost of shelter component
+ cost of transportation component
+ other expenses multiplier x (total of food and clothing components)

Whenever possible, the food, clothing, shelter and transportation components should be based on the corresponding community size (or size of area of residence) within each province. When this is not possible, the next largest community size within the same province will be used. In some cases, particularly in the food and transportation components, prices are collected from two or more centres within the same size of area of residence and province. Then the cost of the component is based on a population weighted average of the surveyed centres. For example, assume that the cost of the food basket has been obtained for two centres in the same community size and province. One centre has 40% of the population in that province, and the other has 15%. The cost of the component would be:

$$\text{Cost of the component} = \frac{\text{40\% of cost in centre 1 + 15\% of cost in centre 2}}{\text{55\%}}$$

The MBM specifications state that a separate threshold should be produced for each of the eleven urban centres for which a relative spatial price index for clothing and footwear is produced. In addition, thresholds are to be produced for each community size within each province. Applying these requirements results in 48 thresholds for the 10 provinces. This list is based on population counts from the 1996 census (2001 census for the 2001 MBM) and should be revised whenever new results of a census became available. For example, a separate threshold would be produced for Fredericton in 2001 because that is the only centre in the 30,000 – 99,999 population size range in New Brunswick. If a future census showed that another centre had entered that size range, a threshold that would apply to both centres would be calculated.

Appendix 7 shows the detailed source of each component for the 48 areas listed in Table 11 and also gives the names of the centres that would fall in the 30,000-

99,999 and the 100,000-499,999 population size ranges. Even though 48 thresholds are available, low sample size on the income survey may not allow the publication of MBM rates in all areas.

Table 11 – Forty-eight areas for which MBM thresholds are calculated

Newfoundland	**Ontario**
St. John's *	Toronto *
small urban <30,000	Hamilton / Burlington
rural	Ottawa *
	100,000 – 499,999
	30,000 – 99,999
	small urban <30,000
	rural
Prince Edward Island	**Manitoba**
Charlottetown *	Winnipeg *
small urban <30,000	Brandon
rural	small urban <30,000
	rural
Nova Scotia	**Saskatchewan**
Sydney	Regina *
Halifax *	Saskatoon
30,000 – 99,999	30,000 – 99,999
small urban <30,000	small urban <30,000
rural	rural
New Brunswick	**Alberta**
Moncton	Calgary
Saint John *	Edmonton *
Fredericton	30,000 – 99,999
small urban <30,000	small urban <30,000
rural	rural
Quebec	**British Columbia**
Montreal *	Vancouver *
Quebec City	100,000 – 499,999
100,000 – 499,999	30,000 – 99,999
30,000 – 99,999	small urban <30,000
small urban <30,000	rural
rural	

* Urban centre for which a relative spatial price index for clothing and footware is produced

4.2 Thresholds for the territories

There are some additional challenges involved in producing MBM thresholds and rates for the three territories.

Food - The Federal/Provincial/Territorial Working Group suggested that the food component for the Territories be more reflective of northern diets, with a selection of locally-obtained fish and game substituted in place of a number of items in the Nutritious Food Basket. However, Statistics Canada's survey of food prices in northern communities does not currently cover the local food items specified for Health Canada's Northern Food Basket. At present, the only option for the food component is to use the Whitehorse and Yellowknife estimates for the Nutritious Food Basket. Following the methodology for the provinces, the cost of the food basket in Whitehorse would apply to Whitehorse and to areas in the Yukon outside of Whitehorse, and the cost of the food basket in Yellowknife would apply to Yellowknife and to areas in the Northwest Territories outside of Yellowknife. Iqaluit and the rest of Nunavut could use one of these estimates, or a combination of the two.

Clothing - The interim approach for the clothing component cannot be applied to the territories in the same way as the provinces because there is no spatial index produced for the north. One possibility would be to use Edmonton's spatial index. The long term goal of a well specified clothing basket could be applied, as long as the pricing of clothing items were extended to the territories.

Shelter - The basic cost of shelter comes from the Census, which is available for all three territories. The amortised cost of appliances could be based on the national values, or on territorial values in the alternate years when SHS is conducted in the territories. However, the rate of inclusion of amenities is not available, so some assumptions would have to be made on that front.

The pattern of subsidised rent in the territories may be quite different from the provinces. The impact of subsidised rents would have to be studied and evaluated.

Transportation - Public transportation costs are available for Whitehorse and Yellowknife. Most of the components needed for the private transportation component are available for the Yukon and the Northwest Territories. One important issue is whether the Red Book quote for a used car is applicable to the territories. Whether the items in the private transportation basket reflect the cost of transportation in Nunavut is not known.

Other Expenses - The Other Expenses multiplier is based on national spending patterns. This ratio is multiplied by the actual cost of the food and clothing components. Adopting the Northern Food Basket could mean that a separate multi-

plier would be necessary for the territories. Small sample sizes would likely result in very unstable estimates.

Income - SLID does not collect income data in the north. Administrative tax data could supply some information, but these data have limitations. Of particular concern are the lack of demographic variables and the capacity to combine individual tax information into family units. While rates based on such data could reveal trends, they would not be directly comparable to MBM rates in the provinces.

4.3 Comparing different family sizes (equivalence scales)

The MBM is based on a reference family of two adults and two children. While it would be possible to specify and price all the components for other family sizes and compositions, it is simpler to use an equivalence scale to transform one line so that it is applicable to other families.

Equivalence scales recognize that there are economies of scale achieved by several persons living together. They can range from a per capita scale (assuming two people need twice as much income as one person) to using no equivalence scale (assuming the two people need the same income as one person). Scales can be one dimensional, using only family size, or can incorporate other characteristics such as age, sex and labour force status.

The equivalence scale specified for use in the Market Basket Measure is the same scale that is used in the calculation of Statistics Canada's Low Income Measure (LIM).

Low Income Measure (LIM) Scale is calculated as follows:

- The oldest person in the family receives a factor of 1.0.
- The second oldest person receives a factor of 0.4.
- All other family members 16 and over receive a factor of 0.4.
- All other family members under 16 receive a factor of 0.3.

Table 12 shows the values assigned to various families by this equivalence scale. The first column shows the values obtained for various family types by adding the contribution of each family member. For instance, a family of two adults and two children receives 1.0 for the first adult, 0.4 for the second adult, and 0.3 for each of the children. This adds up to 2.0 – twice as much as an unattached individual. Since the MBM methodology will price a basket of goods and services for a reference family of two adults and two children, it makes sense to present the equivalence scale so that it is standardized to a value of 1.0 to the reference family. This is shown in the second column of Table 12.

Table 12 - LIM Equivalence scales, standardized to 1 adult = 1.0 and to 2 adults + 2 children = 1.0

	1 adult = 1.0	2 adults + 2 children = 1.0
1 adult	1.0	0.50
2 adults	1.4	0.70
1 adult, 1 child	1.4	0.70
3 adults	1.8	0.90
2 adults, 1 child	1.7	0.85
1 adult, 2 children	1.7	0.85
4 adults	2.2	1.10
3 adults, 1 child	2.1	1.05
2 adults, 2 children	**2.0**	**1.00**
1 adult, 3 children	2.0	1.00
5 adults	2.6	1.30
4 adults, 1 child	2.5	1.25
3 adults, 2 children	2.4	1.20
2 adults, 3 children	2.3	1.15
1 adult, 4 children	2.3	1.15
6 adults	3.0	1.50
5 adults, 1 child	2.9	1.45
4 adults, 2 children	2.8	1.40
3 adults, 3 children	2.7	1.34
2 adults, 4 children	2.6	1.30
1 adult, 5 children	2.6	1.30

Table 12 shows the information that is used to convert from the threshold for the reference family to the threshold for a family of any given size and type. For example, if the MBM threshold for the reference family was $25,000, then the threshold for a single person would be $25,000 x 0.5 = $12,500. The threshold for a family of two adults, or a family of one adult and one child, would be $25,000 x 0.7 = $17,500.

The square root of family size is another equivalence scale that is often used in analysis. The LIM scale will give similar results to the square root scale because they assign similar values. In fact, these scales will give exactly the same rate for unattached individuals, because both scales assess the needs of a single person as half the needs of a family of four. Using similar reasoning, the LIM scale would give a slightly lower rate for families of 2, and a higher rate for families of 4 and larger, compared to the square root scale.

Although not usually presented as such, the low income cut-offs (LICO) do have an implied equivalence scale incorporated in them. Because it is derived from the data, the scale is not controlled directly, but varies with each LICO base year. Within the same base year, the before-tax and after-tax sets of cut-offs have slightly different scales. Table 13 shows the values assigned to various family sizes by two equivalence scales. The table also includes a column for the 1992 base LICOs.

Table 13 - Comparison of Equivalence scales, standardised to 1 adult = 1.0

	LIM	Square root	92 LICO
1 adult	1.0	1.00	1.00
2 persons	1.4	1.41	1.22
3 persons	1.7 to 1.8	1.73	1.54
4 persons	2.0 to 2.1	2.00	1.92
5 persons	2.3 to 2.6	2.24	2.15
6 persons	2.6 to 3.0	2.45	2.54

5. Annual updating of the thresholds

Components based on the collection of prices

Food and transportation are calculated based on continuous pricing activity. Every year an average will be recalculated. Clothing will be updated annually using the CPI until pricing activity can be finalized.

When more than one community is sampled in a size of area of residence category within a province, a weighted average is used to obtain a cost that is suitable for use in that combination of size of area of residence and province. Initially, the weights for this average were taken from the 1996 Census of Population. These weights will be updated as population counts become available from subsequent censuses.

The coverage rates for public transportation should be reviewed on a periodic basis to ensure that the appropriate approach is being applied.

The multiplier component

The actual value of the multiplier will be updated as each annual Survey of Household Spending becomes available. In other words, the other expenses and the food and clothing and footwear expenses will be recalculated for the relevant population, as described in Section 2.5. The final dollar contribution will be the product of the multiplier and the sum of the food and clothing and footwear components, which are themselves calculated for the reference year as described above.

The shelter component

Four surveys are used to arrive at a cost of shelter in the MBM. The basic cost of shelter is provided by the census, which is available on a five year cycle. In between census years, the basic cost of shelter will be updated using the CPI for provincial rental accommodation. Data from the SHS provide the cost of amenities. These costs are updated annually by using the results that correspond to the MBM reference year. Data from the LFS rent supplement provide the percentage of rental accommodation, by province, that does not include the specified amenities. These percentages are updated by using the results that correspond to the MBM reference year.

6. Summary of issues

The document has outlined the proposed methodology to construct a market basket measure of poverty. The development of the methodology has raised the following issues.

1. Collection of prices in rural areas.
   The majority of the CPI pricing activity takes place in urban centres, with some activity in smaller communities and no representation in rural areas. A study has been undertaken to determine if food prices in these smaller areas are similar to prices in other areas, but the results of this study are not yet available. At the present, the approach is to use the estimate in the closest available size range in the same province.

2. One food basket for all provinces
   The same food basket has been used in all provinces. While the cost of the basket at the Canada level falls between the median spending for reference families in the second income decile and the overall median spending for reference families, there are important provincial variations. In six provinces, even the median family of four does not spend as much as the price suggested by the MBM.

3. The clothing component
   Collecting price quotes based on the items and quantities of the A.L.L. clothing list did not yield reasonable results. The item descriptions were not precise enough to allow proper matching with the current pricing activities. In addition, clothing prices are collected from a range of outlets that includes "high end" establishments. Simply relying on the prices that came with the A.L.L. clothing basket did not solve the problem. That approach gave estimates that were lower, but still clearly beyond the level that is envisaged by the MBM.

   Even if a new basket were specified, the issue of whether the same basket would be suitable for all regions of the country would remain.

4. The shelter component methodology
   Zero rents have been excluded from the calculation of median rental prices, since they represent exceptional situations. This will result in an overestimation of shelter costs because it ignores the fact that some families do not pay rent. Estimation of rental costs will include cases of subsidised rent. At the present we do not have the data sources that would allow us to add the value of rental subsidies to the rent itself and to the income of families receiving such subsidies.

5. Public Transportation
   For some urban size classes, the public transit value is based on limited price quotes. In Ontario, for example, the value for the size category 30,000 – 99,999 is based on the quote from one city, while the category contains thirteen Ontario urban centres in total. In Nova Scotia, there are no quotes available for this size category, so the next largest size class was used.

6. Private Transportation
   Whenever possible, price quotes from large urban centres were excluded from these calculations because private transportation applies only to urban areas less than 30,000 and rural areas. However, insurance, gasoline and tune-up estimates are based on quotes from centres in urban size categories larger than those in which private transportation applies.

   Mandated insurance varies significantly among jurisdictions, due to differences in minimum insurance required by law. This results in significant provincial variation in total private transportation estimates. There is also a considerable difference between the total cost of the private and public transportation components. Depending on the city and province, the private transportation basket is between $1,500 and $2,500 more costly than the public transportation basket. In many cases this would more than balance the lower cost of shelter in areas with a population of less than 30,000.

7. Other Expenses Multiplier
   The proposed methodology bases the multiplier itself on the relationship between spending on other expenses and spending on food and clothing. Then the dollars allocated to other expenses is the product of the multiplier and the actual cost of the food basket and the clothing basket. If either the food or the clothing component is out of line with actual spending, then the other expenses amount will be similarly affected. This is of concern, given the relationship between the A.L.L. clothing basket estimate and median family spending on clothing.

8. Non-discretionary expenses to be deducted from income
   Some health expenses, such as insurance premiums paid for travel outside of Canada, would be subtracted from total income, even though they are not necessary expenses. This is done because they cannot be separated from other allowable medical expenses that are claimed on the tax form.

9. MBM thresholds and MBM income in the territories
   See Section 4.2 for a discussion of the issues involved in the calculation of each component in the territories.

Appendix 1: Health Canada's National Nutritious Food Basket-1998

Suggested Purchase Units and Approximate Weekly As-Purchased Quantities, National Nutritious Food Basket-1998

Food	Suggested Purchase Unit	Approximate Weekly As Purchased Quantities
Milk Products		
2% milk	4 l	10.45 l
Yoghurt, fruit, 2% BF	500 g	230 g
Cheddar cheese, medium	227 g	245 g
Processed cheese slices	500 g	275 g
Mozzarella cheese, 16.5% BF	227 g	365 g
Vanilla ice cream, 10% BF	2 l	930 ml
Eggs		
Grade A large	12 (1 doz)	12
Meats, Poultry, Fish		
Round steak	-	500 g
Boneless stewing beef	-	210 g
Ground beef, medium	-	655 g
Pork chops, loin	-	400 g
Chicken legs, no back	-	1.34 kg
Wieners, beef & pork	450 g	165 g
Sliced ham, 11% fat	175 g	335 g
Frozen fish fillets	400 g	200 g
Pink salmon, canned	213 g	115 g
Tuna, canned, in water	170 g	65 g
Meat Alternatives		
Baked beans, tomato sauce, canned	398 ml	330 ml
White beans, dry	454 g	80 g
Peanut butter	500 g	365 g
Grain Products		
Bread, enriched, white	675 g	1.4kg
Bread, whole wheat	675 g	1.4 kg
Hot dog/hamburger rolls	8 pack	18 rolls
Flour, all purpose	2.5 kg	655 g
Flour, whole wheat	2.5 kg	165 g
Spaghetti/macaroni, enriched	900 g	755 g
Rice, long-grained, white, parboiled	900 g	550 g

Appendix 1: Health Canada's National Nutritious Food Basket-1998 (continued)

Food	Suggested Purchase Unit	Approximate Weekly As Purchased Quantities
Macaroni/cheese dinner, dry	225 g	155 g
Oatmeal, regular/quick-cooking	1 kg	55 g
Corn flakes	675 g	345 g
Shreddies ™	800 g	345 g
Soda crackers	450 g	205 g
Social teas	400 g	455 g
Citrus Fruits and Tomatoes		
Oranges	-	710 g
Apple juice, canned, vitamin C added	1.36 l can	1 l
Orange juice, frozen concentrate	355 ml	330 ml
Tomatoes	-	560 g
Whole tomatoes, canned	796 ml	240 ml
Tomato juice	1.36 L can	165 ml
Other Fruit		
Apples	-	1.8 kg
Bananas	-	2.3 kg
Grapes	-	480 g
Pears	-	755 g
Raisins, seedless	750 g	100 g
Fruit cocktail, canned in juice	398 ml	335 ml
Potatoes		
Potatoes, fresh	4.54 kg	5.5 kg
French-fried potatoes, frozen	1 kg	615 g
Other Vegetables		
Broccoli	-	585 g
Cabbage	-	255 g
Carrots, fresh	1.1 kg bag	885 g
Celery	-	345 g
Cucumber	-	455 g
Lettuce, iceberg	-	450 g
Lettuce, romaine	-	595 g
Onions	-	740 g
Green peppers	-	305 g
Turnips (rutabaga)	-	360 g
Mixed vegetables, frozen	1 kg	330 g
Kernel corn, canned	341 ml	565 ml
Green peas, canned	540 ml	215 ml

Appendix 1: Health Canada's National Nutritious Food Basket-1998 (concluded)

Food	Suggested Purchase Unit	Approximate Weekly As Purchased Quantities
Fats and Oils		
Margarine, tub, non-hydrogenated	454 g	365 g
Butter	454 g	190 g
Canola oil	1 l	230 ml
Salad dressing (mayo type, <35% oil)	500 ml	195 ml
Sugar and Other Sweets		
Sugar, white	2 kg	845 g
Strawberry jam	500 ml	155 ml

Appendix 2: Cities in which food and clothing prices are collected

Province	City	Food	Clothing
Newfoundland	St. John's	x	x
	Corner Brook	x	
	Grand Falls	x	
P.E.I	Charlottetown/Summerside	x	x
Nova Scotia	Sydney	x	
	Truro	x	
	Halifax	x	x
New Brunswick	Moncton	x	
	Fredericton	x	
	Bathurst	x	
	Saint John	x	x
Québec	Chicoutimi/Jonquière	x	
	Québec City	x	x
	Sherbrooke	x	
	Trois-Rivière	x	
	Montréal	x	x
Ontario	Ottawa	x	x
	Toronto	x	x
	Hamilton/Burlington	x	
	London	x	
	Windsor	x	
	Sarnia	x	
	Sudbury	x	
	Thunder Bay	x	x
Manitoba	Winnipeg	x	x
	Brandon	x	
Saskatchewan	Regina	x	x
	Moose Jaw	x	
	Prince Albert	x	
	Saskatoon	x	x
Alberta	Lethbridge	x	
	Edmonton	x	x
	Calgary	x	x
British Columbia	Kelowna	x	
	Abbotsford/Mission	x	
	Prince George	x	
	Vancouver	x	x
	Victoria	x	x
Whitehorse	Whitehorse	x	
Yellowknife	Yellowknife	x	

Appendix 3: Social Planning Council of Winnipeg and Winnipeg Harvest – Jan 2001 Acceptable Living Level (A.L.L.) 2000

Item	A.L.L. Quantity and Unit Cost	A.L.L. Yearly Estimated Cost	Prices Division Substitute Item	Match Status
Runners (child 1)	3 @ $12	36.00	boys athletic shoes	match
Runners (child 2)	3 @ $12	36.00	boys athletic shoes	substitute
Runners (adult 1)	1 @ $40	40.00	men athletic shoes	match
Runners (adult 2)	1 @ $40	40.00	men athletic shoes	substitute
Dress Shoes (child 1)	1 @ $20	20.00	boys dress shoes	match
Dress Shoes (child 2)	1 @ $20	20.00	girls dress shoes	match
Dress Shoes (adult 1)	1 @ $60	60.00	men medium-grade dress shoes, men casual shoes	substitute
Dress Shoes (adult 2)	1 @ $60	60.00	women medium-grade dress shoes, women casual shoes	substitute
Sandals (child 1)	1 @ $15	15.00	_	no match
Sandals (child 2)	1 @ $15	15.00	_	no match
Sandals (adult 1)	1 @ $20	20.00	_	no match
Sandals (adult 2)	1 @ $20	20.00	_	no match
Winter Boots (child 1)	1 @ $40	40.00	_	no match
Winter Boots (child 2)	1 @ $40	40.00	_	no match
Winter Boots (adult 1)	1 @ $90	30.00 (for 3 years)	_	no match
Winter Boots (adult 2)	1 @ $90	30.00 (for 3 years)	_	match
Rubber Boots (child 1)	1 @ $12	12.00	_	no match
Rubber Boots (child 2)	1 @ $12	12.00	_	no match
Rubber Boots (adult 1)	1 @ $25	6.25 (for 4 years)	_	no match
Rubber Boots (adult 2)	1 @ $25	6.25 (for 4 years)	_	no match
Socks (child 1)	8 @ $ 2.38	19.04	boys socks	match
Socks (child 2)	8 @ $ 2.38	19.04	girls socks	match
Socks (adult 1)	5 @ $ 2.20	11.00	men dress socks and men athletic socks	match
Socks (adult 2)	5 @ $ 2.20	11.00	men dress socks and men athletic socks	substitute
Underwear (child 1)	6 @ $2	12.00	-	no match
Underwear (child 2)	6 @ $2	12.00	-	no match
Underwear (adult 1)	4 @ $9	36.00	men briefs	match
Underwear (adult 2)	4 @ $9	36.00	women briefs	match
Bra (adult 2)	3 @ $26	78.00	women bras	match
Long Underwear (child 1)	5 @ $3.46	17.30	_	no match
Long Underwear (child 2)	5 @ $3.46	17.30	_	no match
Long Underwear (adult 1)	1 @ $40	20.00 (for 2 years)	_	no match
Long Underwear (adult 2)	1 @ $40	20.00 (for 2 years)	_	no match

Appendix 3: Social Planning Council of Winnipeg and Winnipeg Harvest – Jan 2001 Acceptable Living Level (A.L.L.) 2000 (continued)

Item	A.L.L. Quantity and Unit Cost	A.L.L. Yearly Estimated Cost	Prices Division Substitute Item	Match Status
Pants (child 1)	6 @ $12	72.00	boys jeans	substitute
Pants (child 2)	6 @ $12	72.00	boys jeans	substitute
Pants (adult 1)	2 @ $40	80.00	men jeans, and men casual pants	match
Pants (adult 2)	2 @ $40	80.00	men jeans, women summer slacks, women winter slacks	match
Shorts (child 1)	3 @ $13	39.00	-	no match
Shorts (child 2)	3 @ $13	39.00	-	no match
Shorts (adult 1)	1 @ $20	20.00	-	no match
Shorts (adult 2)	1 @ $20	20.00	-	no match
T-shirts / Shirts (child 1)	3 @ $10	30.00	boys knit shirts	match
T-shirts / Shirts (child 2)	3 @ $10	30.00	boys knit shirts	substitute
T-shirts / Shirts (adult 1)	3 @ $15	45.00	men knit shirts, men dress shirts	match
T-shirts / Shirts (adult 2)	3 @ $15	45.00	men knit shirts, women blouses	substitute
Sweater / Sweatshirt (child 1)	2 @ $20	40.00	boys sweatshirt, girls sweater	substitute
Sweater / Sweatshirt (child 2)	2 @ $20	40.00	boys sweatshirt, girls sweater	substitute
Sweater / Sweatshirt (adult 1)	2 @ $30	60.00	men sweatshirt, men sweater	match
Sweater / Sweatshirt (adult 2)	2 @ $30	60.00	men sweatshirt, women sweater	substitute
Pyjamas (child 1)	2 @ $15	30.00	_	no match
Pyjamas (child 2)	2 @ $15	30.00	_	no match
Pyjamas (adult 1)	1 @ $40	40.00	_	no match
Pyjamas (adult 2)	1 @ $40	40.00	_	match
Bathing suit (child 1)	1 @ $15	15.00	_	no match
Bathing suit (child 2)	1 @ $15	15.00	_	no match
Bathing suit (adult 1)	1 @ $40	20.00 (for 2 years)	men swimsuit	match
Bathing suit (adult 2)	1 @ $40	20.00 (for 2 years)	women swimsuit	match
Jacket (child 1)	1 @ $60	60.00	boys ski jacket	match
Jacket (child 2)	1 @ $60	60.00	boys ski jacket	substitute
Jacket (adult 1)	1 @ $150	75.00 (for 2 years)	men ski jacket, men parka, men winter coat, men golf jacket	substitute
Jacket (adult 2)	1 @ $150	75.00 (for 2 years)	men ski jacket, men parka, women winter coat, men golf jacket	substitute

Appendix 3: Social Planning Council of Winnipeg and Winnipeg Harvest – Jan 2001 Acceptable Living Level (A.L.L.) 2000 (concluded)

Item	A.L.L. Quantity and Unit Cost	A.L.L. Yearly Estimated Cost	Prices Division Substitute Item	Match Status
Rain Gear (child 1)	1 @ $25	25.00	_	no match
Rain Gear (child 2)	1 @ $25	25.00	_	no match
Rain Gear (adult 1)	1 @ $40	20.00 (for 2 years)	_	no match
Rain Gear (adult 2)	1 @ $40	20.00 (for 2 years)	_	no match
Miscellaneous (child 1)	n/a	15.00	_	no match
Miscellaneous (child 2)	n/a	15.00	_	no match
Miscellaneous (adult 1)	n/a	15.00	_	no match
Miscellaneous (adult 2)	n/a	15.00	_	no match

Legend	Adult 1 = man	Adult 2= woman	Child 1= boy	Child 2=girl

Appendix 4: Metropolitan areas in which transportation items are collected[1]

Urban Centre	Urban Size[2]	Bus Fares	Insurance	Gasoline	Tune-ups
St. John's	2	x	(x)	(x)	x
Cornerbrook	4	(x)	x	x	
Grand Falls	4			x	
Charlottetown	3		x	x	x
Halifax	2	x	(x)	(x)	x
Sydney	2	x	x	(x)	
Truro	3			x	
Moncton	2	x	(x)	(x)	x
Saint John	2	x	(x)	(x)	x
Fredericton	3	x	(x)	(x)	
Bathurst	4		x	x	
Montreal	1	x[3]	(x)[3]	(x)	x
Quebec City	1	x	(x)	(x)	x
Hull	2	x	(x)		
Chicoutimi/Joncquière	2	x	(x)	x	
Sherbrooke	2	x	(x)	x	
Trois-Rivières	2	x	(x)	x	
Drummondville	3	x	x		
Shawinigan/Shawinigan Sud	3	x	x		
St. Jean	3	x	x		
Granby	3	x	x		
Baie-Comeau	3		x		
Rouyn-Noranda	3		x		
Sorel	3		x		
Saint-Hyacinthe	3		x		
Valleyfield	3		x		
Victoriaville	3	x			
Thetford Mines	4		x		

Appendix 4: Metropolitan areas in which transportation items are collected[1] (continued)

Urban Centre	Urban Size[2]	Bus Fares	Insurance	Gasoline	Tune-ups
Toronto	1	x	(x)	(x)	(x)
Ottawa	1	x	(x)	(x)	(x)
Hamilton	1	x	(x)	(x)	
London	2	x	(x)	(x)	
Kitchener	2	x	(x)		
St.Catharines/Niagara	2	x[4]	(x)		
Windsor	2	x	(x)	(x)	
Oshawa	2	x	(x)		
Sudbury	2	x	(x)	(x)	
Kingston	2	x	(x)		
Thunder Bay	2	x	(x)	(x)	x
Barrie	2		(x)		
Guelph	2		(x)		
Brantford	2		(x)		
Peterborough	2		(x)		
Cornwall	3		x		
Belleville	3		x		
Chatham	3		x		
Sarnia	3	x	x	x	
North Bay	3		x		
Timmins	3		x		
Sault Ste. Marie	3		x		
Winnipeg	1	x	(x)	(x)	x
Brandon	3	x	x	x	
Thompson	4	(x)			
Regina	2	x	(x)	(x)	x
Saskatoon	2	x	(x)	(x)	x
Moose Jaw	3	x	x	x	
Prince Albert	3	x		x	
Swift Current	4	(x)			
Yorkton	4	(x)			
Calgary	1	x	(x)	(x)	x
Edmonton	1	x	(x)	(x)	x
Lethbridge	3	x	x	x	
Medicine Hat	3	x			
Red Deer	3	x			
Fort McMurray	3	x			

Appendix 4: Metropolitan areas in which transportation items are collected[1] (concluded)

Urban Centre	Urban Size[2]	Bus Fares	Insurance	Gasoline	Tune-ups
Vancouver	1	x	x	(x)	(x)
Victoria	2	x	x	(x)	x
Kelowna	2	x	(x)	(x)	
Abbots/ford/ Matsqui/Mission	2	x	(x)[5]	(x)	x
Chilliwack	3		x		
Penticton	3		x		
Nanaimo	3	x			
Kamloops	3	x	x		
Prince George	3	x	x	x	
Williams Lake	4		x		
Whitehorse	4	x	x	x	x
Yellowknife	4	x	x	x	x
Iqaluit	4				x

Note: Quotes in brackets ( ) are not used in MBM Transportation calculations

1 - Source: Prices Division
2 - Size of area of residence:
  1 – Urban 500,000+
  2 – Urban 100,000 - 499,000
  3 – Urban 30,000 - 99,000
  4 – Urban <30,000
3 - includes separate quote for St. Jérôme within the Montreal census metropolitan area
4 - includes separate quote for Welland and Niagara Falls within the St. Catharines/Niagara census metropolitan area
5 - includes separate quote for Matsqui and Mission

Appendix 5: Frequency of pricing for transportation components

Item	Pricing Frequency
Local transit fares	twice yearly
Automobile registration	annually
Drivers license	annually
Automobile insurance	monthly
Regular unleaded gasoline, with service	monthly
Regular unleaded gasoline, self serve	monthly
Tune-up	three times yearly
Lubrication/oil change	three times yearly

Appendix 6A: SHS items included in Other Expenses calculation: numerator

SHS Item Number	SHS Item Description
2200	Purchase of telephones and equipment
2202-2204	Telephone services
2230	Postal and other communication services
2310	Household cleaning supplies
2320-2330	Paper, plastic and foil household supplies
2380	Other household supplies
2500	Furniture
2510	Rugs, mats and underpadding
2520	Window coverings and household textiles
2540	Room air conditioners, portable humidifiers and dehumidifiers
2552	Microwave and convection ovens
2560	Small electric food preparation appliances
2580	Vacuum cleaners and other rug cleaning equipment
2584	Sewing machines
2586	Other electric equipment and appliances
2590	Attachments and parts for major appliances
2640	Lamps and lampshades
2650	Non-electric kitchen and cooking equipment
2660	Tableware, flatware and knifes
2670	Non-electric cleaning equipment
2672	Luggage
2674	Home security equipment
2680	Other household equipment, parts and accessories
2690-2710	Maintenance and repairs of furniture and equipment
2720-2730	Services related to furnishings and equipment
3312	Other medicines and pharmaceutical products
3500-3580	Personal care
3700	Sports and athletic equipment
3720	Toys and children's vehicles
3730	Electronic games and parts
3830	Video game rental
3770-3774	Photographic goods and services
3900	Bicycles, parts and accessories
3950	Bicycle maintenance and repairs
4000-4070	Home entertainment equipment and services
4100	Movie theatres
4110	Live sports events

Appendix 6A: SHS items included in Other Expenses calculation: numerator (concluded)

SHS Item Number	SHS Item Description
4120	Live performing arts
4130	Admission to museums and other activities
4140	Rental of cablevision and satellite services
4150	Membership fees for sports and recreation facilities
4160	Single use fees for sports and recreation facilities
4170	Children's camps
4300-4340	Reading materials and other printed matter
4400-4410	Education supplies
4420-4430	Textbooks
4630	Service charges from banks
5220-5230	Contributions to charity

Appendix 6B: SHS items included in Other Expenses calculation: denominator

SHS Item Number	SHS Item Description
1000-1520	Food purchased from stores
1530-1532	Board paid to private households
1560	Food purchased from restaurants[1]
2800	Women's and Girls' wear (4 years and over) – Clothing
2810	Women's and Girls' wear (4 years and over) – Footwear
2820	Women's and Girls' wear (4 years and over) – Accessories
2850	Men's and Boys' wear (4 years and over)- Clothing
2860	Men's and Boys' wear (4 years and over)- Footwear
2870	Men's and Boys' wear (4 years and over)- Accessories
2900	Children's wear (under 4 years) – Clothing and cloth diapers
2910	Children's wear (under 4 years) – Footwear
2972	Laundry and dry-cleaning service
2974	Laundromats and self-service dry cleaning
2975	Maintenance, repair and alteration

[1] Restaurant spending, though not a part of the MBM food basket per se, was accounted for by reducing the restaurant expenditure dollar amount by 50% to account for the cost of these meals had they been prepared at home (i.e. a home-cooked food cost equivalent).

Appendix 6C: SHS items excluded from Other Expenses calculation

SHS Item Number	SHS Item Description
2210	Cellular services
2220	Internet services
2260	Domestic and other custodial services
2270-2300	Pet expenses
2340-2370	Garden supplies and services
2530-2534	Art, antiques and decorative ware
2554	Gas barbecues
2582	Portable Dishwashers
2600-2602	Home and workshop tools and equipment
2610-2630	Lawn, garden and snow-removal tools and equipment
2830	Women's and Girls' wear: Jewellery and watches
2840	Women's and Girls' wear clothing gifts to non-household members
2880	Men's and Boys' wear: Jewellery and watches
2890	Men's and Boys' wear: Clothing gifts to non-household members
2920	Childrens' Clothing gifts to non-household members
2950	Clothing material (excluding household textiles)
2960	Notions
2970	Dressmaking, tailoring, clothing storage and other clothing services
3010	Purchase of automotive accessories
3020-3040	Rented and leased automobiles and trucks
3220	Airplane
3230	Train
3240	Highway bus
3250	Other passenger transportation
3260	Household moving, storage and delivery services
3710	Playground equipment, above-ground pools and accessories
3740	Artists' materials, handicraft and hobbycraft kits and materials
3750-3760	Computer equipment and supplies
3780	Musical instruments, parts and accessories
3790	Collectors' items (e.g. stamps, coins)
3800	Camping, picnic equipment and accessories (excluding BBQ's)
3810	Supplies and parts for recreational equipment
3820	Rental, maintenance and repairs of equipment
3910-3918	Purchase of other recreational vehicles and outboard motors
3960-3980	Operation of recreational vehicles (except for bicycles[3950])
4162	Video, pinball and carnival games
4180	Package travel tours

Appendix 6C: SHS items excluded from Other Expenses calculation (concluded)

SHS Item Number	SHS Item Description
4190	Other recreational services
4440-4450	Tuition fees
4460	Other courses and lessons (excluding driving)
4470	Other educational services
4500-4540	Tobacco products and alcoholic beverages
4600	Expenses on other property owned
4620	Legal services not related to dwellings
4640	Stock and bond commissions
4650	Administration fees
4660	Other financial services
4680	Contributions and dues for social clubs and other organizations
4690	Forfeit of deposits, fines, and money lost or stolen
4700	Tools and equipment purchased for work
4710-4720	Other miscellaneous goods and services
4800-4840	Games of chance (net)
5000-5084	Personal insurance payments and pension contributions
5205	Gifts of money and other support payments to persons living inside Canada
5210	Gifts of money and other support payments to persons living outside Canada

Appendix 6D: SHS items accounted for elsewhere in MBM

SHS Item Number	SHS Item Description
2000-2052	Shelter[1]
2542	Refrigerators and freezers[2]
2550	Cooking stoves and ranges[3]
2570	Washers and dryers[4]
3000-3004	Purchase of automobiles and trucks[1]
3050-3130	Operation of owned and leased automobiles and trucks[1]
3200	City or commuter bus, subway, street car and commuter train[1]
3210	Taxi[1]
3300	Health care supplies
3310	Medicinal and pharmaceutical products - Prescribed
3320	Physicians' care
3360	Other health care practitioners
3330-3334	Eye-care goods and services
3340	Dental services
3350	Hospital care
3362	Other medical services
3370-3384	Health insurance premiums[5]
4670	Dues to unions and professional associations[6]
4900-4930	Personal taxes[7]
5200	Alimony and child support[8]

[1] Shelter and transportation costs are excluded from the Other Expenses Multiplier denominator due to substantial variation among various communities.
[2] Fridges and freezers are accounted for in the computation of shelter costs.
[3] Stoves and ranges are accounted for in the computation of shelter costs.
[4] Washers and dryers are accounted for in the computation of shelter costs.
[5] Health insurance premiums are accounted for in the computation of MBM income.
[6] Union and professional dues are accounted for in the computation of MBM income.
[7] Personal taxes are accounted for in the computation of MBM income.
[8] Alimony and child support are accounted for in the computation of MBM income.

Appendix 7: Source of each component in the MBM thresholds

Community names refer to Statistics Canada's Census Metropolitan Areas (CMA) and Census Agglomerations (CA).

Newfoundland	
St. John's	Food: St. John's Clothing: St. John's spatial index applied to A.L.L. estimate Shelter: St. John's rents with provincial rates of amenities Public transportation: St. John's
small urban <30,000	Food: Newfoundland <30,000 (Corner Brook, Grand Falls) Clothing: St. John's spatial index applied to A.L.L. estimate Shelter: Newfoundland <30,000 rents with provincial rates of amenities Private transportation: Newfoundland
rural	Food: Newfoundland <30,000 (Corner Brook, Grand Falls) Clothing: St. John's spatial index applied to A.L.L. estimate Shelter: Newfoundland rural rents with provincial rates of amenities Private transportation: Newfoundland

Prince Edward Island	
Charlottetown	Food: Charlottetown Clothing: Charlottetown spatial index applied to A.L.L. estimate Shelter: Charlottetown rents with provincial rates of amenities Private transportation: Prince Edward Island
small urban <30,000	Food: Charlottetown Clothing: Charlottetown spatial index applied to A.L.L. estimate Shelter: Prince Edward Island <30,000 rents with provincial rates of amenities Private transportation: Prince Edward Island
rural	Food: Charlottetown Clothing: Charlottetown spatial index applied to A.L.L. estimate Shelter: Prince Edward Island rural rents with provincial rates of amenities Private transportation: Prince Edward Island

Appendix 7: Source of each component in the MBM thresholds (continued)

Nova Scotia	
Sydney	Food: Sydney Clothing: Halifax spatial index applied to A.L.L. estimate Shelter: Sydney rents with provincial rates of amenities Public transportation: Sydney
Halifax	Food: Halifax Clothing: Halifax spatial index applied to A.L.L. estimate Shelter: Halifax rents with provincial rates of amenities Public transportation: Halifax
30,000 – 99,999 (Truro, New Glasgow)	Food: Nova Scotia 30,000 – 99,999 (Truro) Clothing: Halifax spatial index applied to A.L.L. estimate Shelter: Nova Scotia 30,000-99,999 rents with provincial rates of amenities Public transportation: Nova Scotia 100,000 – 499,999
small urban <30,000	Food: Nova Scotia 30,000 – 99,999 (Truro) Clothing: Halifax spatial index applied to A.L.L. estimate Shelter: Nova Scotia <30,000 rents with provincial rates of amenities Private transportation: Nova Scotia
rural	Food: Nova Scotia 30,000 – 99,999 (Truro) Clothing: Halifax spatial index applied to A.L.L. estimate Shelter: Nova Scotia rural rents with provincial rates of amenities Private transportation: Nova Scotia

New Brunswick	
Moncton	Food: Moncton Clothing: Saint John spatial index applied to A.L.L. estimate Shelter: Moncton rents with provincial rates of amenities Public transportation: Moncton
Saint John	Food: Saint John Clothing: Saint John spatial index applied to A.L.L. estimate Shelter: Saint John rents with provincial rates of amenities Public transportation: Saint John
30,000 – 99,999 (Fredericton)	Food: New Brunswick 30,000 – 99,999 (Fredericton) Clothing: Saint John spatial index applied to A.L.L. estimate Shelter: New Brunswick 30,000 – 99,999 rents with provincial rates of amenities Public transportation: Fredericton
small urban <30,000	Food: New Brunswick <30,000 (Bathurst) Clothing: Saint John spatial index applied to A.L.L. estimate Shelter: New Brunswick <30,000 rents with provincial rates of amenities Private transportation: New Brunswick
rural	Food: New Brunswick <30,000 (Bathurst) Clothing: Saint John spatial index applied to A.L.L. estimate Shelter: New Brunswick rural rents with provincial rates of amenities Private transportation: New Brunswick

Appendix 7: Source of each component in the MBM thresholds (continued)

Quebec	
Montreal	Food: Montreal Clothing: Montreal spatial index applied to A.L.L. estimate Shelter: Montreal rents with provincial rates of amenities Public transportation: Montreal
Quebec City	Food: Quebec City Clothing: Montreal spatial index applied to A.L.L. estimate Shelter: Quebec City rents with provincial rates of amenities Public transportation: Quebec City
100,000 – 499,999 (Hull, Chicoutimi/Jonquière, Sherbrooke, Trois-Rivières)	Food: Quebec 100,000 – 499,999 (average of Chicoutimi/Jonquière, Sherbrooke, Trois-Rivières) Clothing: Montreal spatial index applied to A.L.L. estimate Shelter: Quebec 100,000 – 499,999 rents with provincial rates of amenities Public transportation: Quebec 100,000 – 499,999 (average of Hull, Chicoutimi/Jonquière, Sherbrooke, Trois-Rivières)
30,000 - 99,999 (Saint-Jean-sur-Richelieu, Drummondville, Shawinigan, Granby, Saint-Hyacinthe, Rimouski, Sorel, Victoriaville, Salaberry-de-Valleyfield, Rouyn-Noranda, Joliette, Val-D'or, Alma)	Food: Quebec 100,000 – 499,999 (average of Chicoutimi/Jonquière, Sherbrooke, Trois-Rivières) Clothing: Montreal spatial index applied to A.L.L. estimate Shelter: Quebec 30,000 – 99,999rents with provincial rates of amenities Public transportation: Quebec 30,000 – 99,999 (average of Saint-Jean-sur-Richelieu, Drummondville, Shawinigan, Granby, Victoriaville)
small urban <30,000	Food: Quebec 100,000 – 499,999 (average of Chicoutimi/Jonquière, Sherbrooke, Trois-Rivières) Clothing: Montreal spatial index applied to A.L.L. estimate Shelter: Quebec <30,000 rents with provincial rates of amenities Private transportation: Quebec
rural	Food: Quebec 100,000 – 499,999 (average of Chicoutimi/Jonquière, Sherbrooke, Trois-Rivières) Clothing: Montreal spatial index applied to A.L.L. estimate Shelter: Quebec rural rents with provincial rates of amenities Private transportation: Quebec

Appendix 7: Source of each component in the MBM thresholds (continued)

Ontario	
Toronto	Food: Toronto Clothing: Toronto spatial index applied to A.L.L. estimate Shelter: Toronto rents with provincial rates of amenities Public transportation: Toronto
Hamilton/Burlington	Food: Hamilton Clothing: Ottawa spatial index applied to A.L.L. estimate Shelter: Hamilton/Burlington rents with provincial rates of amenities Public transportation: Hamilton/Burlington
Ottawa	Food: Ottawa Clothing: Ottawa spatial index applied to A.L.L. estimate Shelter: Ottawa rents with provincial rates of amenities Public transportation: Ottawa
100,000 – 499,999 (London, Kitchener, St. Catharines-Niagara, Windsor, Oshawa, Sudbury, Kingston, Thunder Bay, Barrie, Guelph, Brantford, Peterborough)	Food: Ontario 100,000 – 499,999 (average of London, Windsor, Sudbury, Thunder Bay) Clothing: Ottawa spatial index applied to A.L.L. estimate Shelter: Ontario 100,000 – 499,999 rents with provincial rates of amenities Public transportation: Ontario 100,000 – 499,999 (average of London, Kitchener, St. Catharines-Niagara, Windsor, Oshawa, Sudbury, Kingston, Thunder Bay)
30,000 - 99,999 (Belleville, Sarnia, Sault Ste. Marie, Chatham, North Bay, Cornwall, Timmins, Brockville, Leamington, Orillia, Midland, Woodstock, Owen Sound)	Food: Ontario 30,000 – 99,999 (Sarnia) Clothing: Ottawa spatial index applied to A.L.L. estimate Shelter: Ontario 30,000 – 99,999 rents with provincial rates of amenities Public transportation: Ontario 30,000 – 99,999 (Sarnia)
small urban <30,000	Food: Ontario 30,000 – 99,999 (Sarnia) Clothing: Ottawa spatial index applied to A.L.L. estimate Shelter: Ontario <30,000 rents with provincial rates of amenities Private transportation: Ontario
rural	Food: Ontario 30,000 – 99,999 (Sarnia) Clothing: Ottawa spatial index applied to A.L.L. estimate Shelter: Ontario rural rents with provincial rates of amenities Private transportation: Ontario

Appendix 7: Source of each component in the MBM thresholds (continued)

Manitoba	
Winnipeg	Food: Winnipeg Clothing: A.L.L. estimate for Winnipeg Shelter: Winnipeg rents with provincial rates of amenities Public transportation: Winnipeg
30,000 – 99,999 (Brandon)	Food: Manitoba 30,000 – 99,999 (Brandon) Clothing: A.L.L. estimate for Winnipeg Shelter: Manitoba 30,000-99,999 rents with provincial rates of amenities Public transportation: Brandon
small urban <30,000	Food: Manitoba 30,000 – 99,999 (Brandon) Clothing: A.L.L. estimate for Winnipeg Shelter: Manitoba <30,000 rents with provincial rates of amenities Private transportation: Manitoba
rural	Food: Manitoba 30,000 – 99,999 (Brandon) Clothing: A.L.L. estimate for Winnipeg Shelter: Manitoba rural rents with provincial rates of amenities Private transportation: Manitoba

Saskatchewan	
Regina	Food: Regina Clothing: Regina spatial index applied to A.L.L. estimate Shelter: Regina rents with provincial rates of amenities Public transportation: Regina
Saskatoon	Food: Saskatoon Clothing: Regina spatial index applied to A.L.L. estimate Shelter: Saskatoon rents with provincial rates of amenities Public transportation: Saskatoon
30,000 – 99,999 (Prince Albert, Moose Jaw)	Food: Saskatchewan 30,000 – 99,999 (Prince Albert, Moose Jaw) Clothing: Regina spatial index applied to A.L.L. estimate Shelter: Saskatchewan 30,000 – 99,999 rents with provincial rates of amenities Public transportation: Saskatchewan 30,000 – 99,999 (average of Prince Albert and Moose Jaw)
small urban <30,000	Food: Saskatchewan 30,000 – 99,999 (Prince Albert, Moose Jaw) Clothing: Regina spatial index applied to A.L.L. estimate Shelter: Saskatchewan <30,000 rents with provincial rates of amenities Private transportation: Saskatchewan
rural	Food: Saskatchewan 30,000 – 99,999 (Prince Albert, Moose Jaw) Clothing: Regina spatial index applied to A.L.L. estimate Shelter: Saskatchewan rural rents with provincial rates of amenities Private transportation: Saskatchewan

Appendix 7: Source of each component in the MBM thresholds (concluded)

Alberta	
Calgary	Food: Calgary Clothing: Edmonton spatial index applied to A.L.L. estimate Shelter: Calgary rents with provincial rates of amenities Public transportation: Calgary
Edmonton	Food: Edmonton Clothing: Edmonton spatial index applied to A.L.L. estimate Shelter: Edmonton rents with provincial rates of amenities Public transportation: Edmonton
30,000 – 99,999 (Lethbridge, Red Deer, Medicine Hat, Wood Buffalo, Grande Prairie)	Food: Alberta 30,000 – 99,999 (Lethbridge) Clothing: Edmonton spatial index applied to A.L.L. estimate Shelter: Alberta 30,000 – 99,999 rents with provincial rates of amenities Public transportation: Alberta 30,000 – 99,999 (average of Lethbridge, Red Deer, Medicine Hat, Wood Buffalo (Fort McMurray))
small urban <30,000	Food: Alberta 30,000 – 99,999 (Lethbridge) Clothing: Edmonton spatial index applied to A.L.L. estimate Shelter: Alberta <30,000 rents with provincial rates of amenities Private transportation: Alberta
rural	Food: Alberta 30,000 – 99,999 (Lethbridge) Clothing: Edmonton spatial index applied to A.L.L. estimate Shelter: Alberta rural rents with provincial rates of amenities Private transportation: Alberta

British Columbia	
Vancouver	Food: Vancouver Clothing: Vancouver spatial index applied to A.L.L. estimate Shelter: Vancouver rents with provincial rates of amenities Public transportation: Vancouver
100,000 – 499,999 (Victoria, Kelowna, Abbotsford)	Food: British Columbia 100,000 – 499,999 (Victoria, Kelowna, Abbotsford) Clothing: Vancouver spatial index applied to A.L.L. estimate Shelter: BC 100,000 – 499,999 rents with provincial rates of amenities Public transportation: British Columbia 100,000 – 499,999 (Victoria, Kelowna, Abbotsford)
30,000 – 99,999 (Nanaimo, Kamloops, Prince George, Chilliwack, Vernon, Courtenay, Penticton, Duncan, Campbell River)	Food: British Columbia 30,000 – 99,999 (Prince George) Clothing: Vancouver spatial index applied to A.L.L. estimate Shelter: British Columbia 30,000 – 99,999 rents with provincial rates of amenities Public transportation: British Columbia 30,000 – 99,999 (average of Nanaimo, Kamloops, Prince George)
small urban <30,000	Food: British Columbia 30,000 – 99,999 (Prince George) Clothing: Vancouver spatial index applied to A.L.L. estimate Shelter: BC <30,000 rents with provincial rates of amenities Private transportation: British Columbia
rural	Food: British Columbia 30,000 – 99,999 (Prince George) Clothing: Vancouver spatial index applied to A.L.L. estimate Shelter: British Columbia rural rents with provincial rates of amenities Private transportation: British Columbia

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